
Annual Report 2015

Creating Value, The AMITA Way



**The morality that pollution is criminal only after legal conviction is
the mordidity that causes pollution.**

Eugene Smith

***Quoted with permission from Smith's wife Aileen M. Smith.**

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Message from the CEO

Moving forward

From budding to growth and harvesting.

The AMITA Group aims to realize a sustainable society in which nature becomes more abundant the more society develops, and the more bonds and trust between people grow.

In 2006, AMITA became Japan's first specialty environmental sector company to be listed. The company moved its headquarters to Kyoto in 2012, after the Great East Japan Earthquake. It has since engaged wholeheartedly in business aimed at boosting corporate and regional sustainability. However, in August last year, due mainly to delays in starting up operations at the company's plant in Taiwan, the company announced a substantial downward revision to guidance. It raised guidance in February 2016, but revised its three-year plan. It has to be said that the company's forecasts were optimistic and that it was slow to deal with risk. Management accepts full responsibility and apologizes sincerely to all concerned, including our shareholders and trading partners.

We launched the radical group business restructuring in FY 2014 and took off in earnest in FY 2015 has had a clear impact since the second half of last year.

In January 2015, we revised our business domain structure and merged subsidiaries. As a result, in the Environmental Strategy Design Business, which supports companies' environmental strategies, our waste management outsourcing business (Best Way to Manage Waste), which is a

new business, and sales, including orders for related services, far surpassed initial targets. With our environmental certification assessment services, by merging a specialty subsidiary with AMITA we achieved administrative efficiency gains and boosted our marketing capabilities, and won twice as many new orders as in 2014. At the Regional Systems Design Business, which supports regional recycling, we started operating biogas facility, Minamisanriku BIO, AMITA's sixth plant in Japan, in Minamisanriku in Miyagi Prefecture.

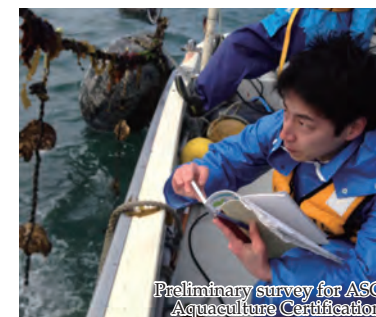
In January 2016, we changed CEO at two subsidiaries, while at AMITA HOLDINGS, an additional director was appointed at a general meeting of shareholders in March.

The main aims were: (1) to bring about a change in style at existing operations and strengthen development of innovative new business, and (2) to nurture next-generation and younger managers.

This fiscal year, under this new lineup, we intend to move ahead with further restructuring, boost enterprise value and promote solutions to social issues, and achieve steady improvement in earnings in line with a new three-year plan.

AMITA HOLDINGS Co., Ltd.
Founder and CEO
Eisuke Kumano

熊野 英介



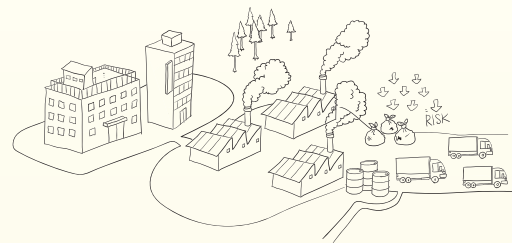


Creating Value, The AMITA Way

Since the company's founding in 1977, the AMITA Group has been engaged in business that creates new value by harnessing neglected social resources, based on the principle of "nothing wasted." In the following, we outline the kind of value we created from the resources and raw materials the AMITA Group used in 2015.



INPUT



Amount of energy used

Electricity 1.95_{mn} kWh
(300,000kWh from renewable energy)

Diesel oil 145_{kl}

Kerosene 59_{kl}

Gasoline 7_{kl}

Volume of water used

Mains water 6,044_{m³}

Raw materials

Industrial waste (raw materials for recycling)

From 963 business premises

2,238 types

136,000_t received

Other raw materials

12,000_t

*Figures above are actual figures for six AMITA plants.
Does not include headquarters or other offices.

Promoting the harnessing of renewable energy

Kyotango Plant and Minamisanriku BIO use electricity generated by internal biogas facilities. Kitakyushu Plant uses solar panels mounted on the plant roof. Ibaraki Plant purchases renewable energy. The whole company is committed to using green energy.

OUR ORGANIZATION



Own plants

6 plants

Minamisanriku BIO,
a new biogas facility,
opened in October 2015.

Number of employees

Around 150

Recycling network
companies

Around 300

*Based on actual business over
the past five years

CO₂ emissions due to manufacturing

940_{t-CO₂}

Relationship with staff

61%

Proportion who think work
at AMITA is worth devoting
their lives to

80%

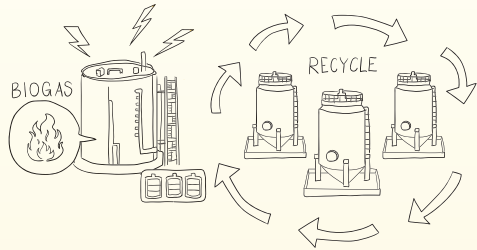
Proportion who are
proud to work at AMITA

Waste products value analytics database

Around 14,500 entries

*In this report, "Resource Recycling Plant" is abbreviated to "Plant" as required.

OUTPUT



Manufacturing capital

We manufacture terrestrial resources (natural resource alternatives) at our six domestic plants (recycling plants). In 2015, one more company joined AMITA Terrestrial Resources Development Partners (a network of companies that use AMITA recycling technology).

▶ See p.10 for details about AMITA Terrestrial Resources Development Partners, pp.14-15 for details about Taiwan business.

Human capital

We want our staff to feel motivated, and to feel a sense of achievement they cannot attain alone, by working together with colleagues who share the same vision. We strive in various ways to develop employees into "human resources who can create value" based on the idea that "people are an asset, not a cost".

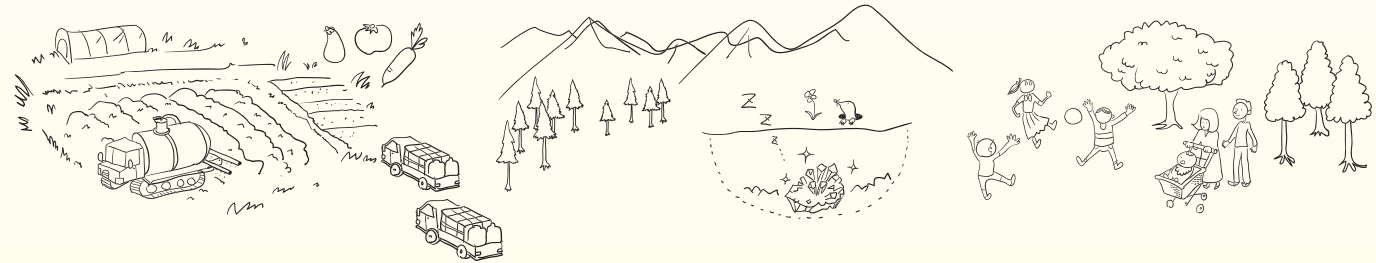
▶ See p.40 for details about AMITA's structure, p.43 for details about survey results.

Intellectual capital

Manufactures terrestrial resources (natural resource alternatives) from over 2,000 types of waste per year leveraging AMITA's unique "blending"* process. AMITA has around 14,500 entries in terms of waste analytics, which it uses to develop new terrestrial resources and boost the quality of recycled products, among other things.

▶ See p.13 for details about AMITA's recycling track record.

*Blending is AMITA's unique recycling process in which waste is analysed at the chemical element level and adjusted and combined according to the client's product specifications.



Net sales

¥4,557mn

Operating income

¥8mn

Ordinary income

¥-10mn

Net income

¥-99mn

Number of clients

1,154

Number of companies that use multiple services

80

AMITA Group environmental education support (number of seminar participants)

around 5,000

Actual figures for, and environmental contribution of AMITA's four plants (No relevant products at Kyotango Resource Recycling Plant, Minamisanriku BIO)

Production volume of cement substitute materials	102,970 t	▶	Savings in coalmine production volume	379,072 t
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*Production volume of nickel substitute	2,071 t	▶	Savings in nickel mine production volume	16,596 t
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Production volume of copper substitute	717 t	▶	Savings in copper mine production volume	43,349 t
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*Calculated from Ni alternatives among specialty steel raw materials (Ni, etc.).

▶ See p.13 for details about AMITA's production track record for all resources.

Email newsletter subscribers

Around 30,000

Number of users of group website

570,000/year

Fudenkan community space

Number of visitors:
around 2,500

Financial capital

Due mainly to delays in the start of operation of AMITA's plant in Taiwan, net sales missed initial guidance by around ¥200mn, coming in at ¥4,557mn, while ordinary income missed guidance by roughly ¥90mn, giving losses of ¥10mn. In FY 2016, AMITA will strive for an earnings rebound via actions such as stable operation of its plant in Taiwan and the marketing of new Environmental Strategy Support Services.

▶ See pp.30-31 for details on financial information.

Client value

AMITA supports drafting and implementation of environmental strategy that enhances its sustainability and boosts enterprise value. Provided services to around 1,100 companies in 2015. In FY 2016, AMITA will expand its range of strategic support.

▶ See pp.10-23 for details about Environmental Strategy Design Business.

Natural capital

AMITA contributes to reducing mining and the use of natural resources, promoting resource recycling by manufacturing and supplying terrestrial resources. The company also contributes to preventing overfishing and sustainable forestry management via environmental certification assessments, and to preservation of regional biodiversity via technical training related to symbiotic farming.

▶ See p.37 for details about the environmental value AMITA creates.

Social capital

Through its business activities AMITA promotes improvement in environmental value of the whole society, while reducing environmental impacts caused by the activities of corporations and local municipalities.

Ex.: At Minamisanriku BIO, the company produces liquid fertilizer and biogas from local food waste. The liquid fertilizer is used on local fields, while the biogas is used to generate electricity. AMITA is working to construct a comprehensive cyclical system of resource usage in the area.

▶ See p.24 for details about AMITA's initiatives in Minamisanriku.
▶ See p.37 for details about the environmental value AMITA creates.

Interview

Bringing about the business recovery in 2016

— Specific measures to overcome problems and achieve sustained growth —



AMITA HOLDINGS Co., Ltd.
Founder and CEO
Eisuke Kumano



AMITA HOLDINGS Co., Ltd.
CFO
Taro Shimizu

Interviewer



AMITA HOLDINGS Co., Ltd.
Non-executive Director
Emile H. Ishida

What is the root cause of AMITA's sluggish recent earnings? We spoke with Chairman and CEO Eisuke Kumano, Director and CFO Taro Shimizu, and External Director Hideki Ishida about the fundamental structural issues facing the AMITA Group and measures to tackle them, and about how the company plans to achieve the targets in its three-year plan announced in February 2016.

Date of the interview: Wednesday 27 January 2016

*See homepage (<http://www.amita-hd.co.jp>) for detailed information about the executives.

What is the structural root cause that has led to AMITA's sluggish earnings?

External Director Ishida (hereafter Ishida): Getting right to the point, the AMITA Group incurred losses of ¥550mn in 2010, and although earnings bounced back in 2011, earnings subsequently were sluggish. In FY 2015, the company booked net sales of ¥4.557bn, versus guidance of ¥4.757bn, and ordinary losses of ¥10mn, versus guidance that called for ordinary income of ¥80mn. I'm aware that I also bear responsibility as a member of the board, but today, I'm going to try and ask questions from an objective standpoint. The main reason for the sluggish earnings this year is the delay in starting up operations at the AMITA Taiwan Resource Recycling Plant (hereafter the Taiwan plant). Chairman Kumano, what do you think about the structural issues and fundamental reasons for the company's sluggish earnings over the past few years?

Chairman Kumano (hereafter Kumano): When I visited all our bases in Japan and abroad and had a look around last year I noticed that many staff had fallen into the "division of roles" trap.

Our employees all have a strong sense of responsibility and are very serious, but they are too focused on "fulfilling their own responsibilities" and organizational capabilities are not being leveraged. This is the case with teams and departments, and at subsidiaries. For example, one of AMITA's strengths is that we have a nationwide network of plants and sales offices. However, at present we are not trying to expand value via mutual collaboration, and opportunity losses are arising due to insufficient information sharing.

I think this is also the fundamental cause of the delays in new business development. As a result of excessive focus on carrying out individual tasks, overall design and management is neglected.

In the Taiwan plant construction project, while each team leader and person responsible was doing all they could to solve the various problems that arose within the areas for which they were responsible, the problems grew and it became impossible to avoid delays when the situation was grasped at an organizational level.

In a bid to escape from a structure in which there is a stubborn adherence to individual results rather than the overall plan, we embarked on restructuring in 2014 and ramped it up in 2015. This started to have a visible impact in the second half of last year.

Ishida: I think this is quite a deeply rooted organizational problem at AMITA. Why did this attitude spread through the company? And why did management not do something about it sooner?

Kumano: Since the 1970s, when AMITA was founded, many companies have copied efficient, smart European and US management methods. We chose not to, however. I think this nurtured our company spirit of helping each other, and a corporate culture of making things we need by pooling our knowledge. However, in 2006 after the company was listed, in a bid to make business more efficient, we hired a lot of people who are very familiar with previous European and US management methods, and entrusted the management of hived-off subsidiaries to these people. Immediately after that, the subprime loan problem arose, and amid a global financial crisis we realized that already we couldn't compete using the old management techniques. Also, organizational governance as a whole weakened due to spin-offs. Realizing that this would not do, in 2010 we cut

loose unprofitable businesses, merged subsidiaries and so forth, but due to dividing businesses vertically and to spin-offs, regrettably the view took hold among staff that they should "work within the limits of their responsibility". They ceased to care about the bigger picture. There has been a recovery over the years but that atmosphere has not been entirely eliminated. As a result of demanding "efficient management" too strongly as a listed company, AMITA has lost its original strength of "blending inconsistent individual resources to achieve the most appropriate, stable solution for the whole".

Why results missed guidance, and regarding future measures

Ishida: It is true. Director Shimizu was the person responsible when AMITA was listed and today as CFO he is the person with overall responsibility for the group's finance. Why has the group not revamped its financial strategy in the face of sluggish results over the past few years?

Director and CFO Shimizu (hereafter Shimizu): AMITA has made a number of major business investments over the past few years, and the weighting of investment in new business has become substantial relative to profits. The main reason for the decline in earnings during this period is that recouping investment in new business took longer than expected as sales have been broadly flat. As a result, improvement in existing business, which is the company's business base, and investment in relatively lucrative business dried up, resulting in a further deterioration in earnings.

Our financial department always considers three lev-



els of targets:

- (1) Internal targets: Very high targets drawn up by sales assuming all businesses go as planned.
- (2) Targets the company should achieve: Obtained by reflecting historical results, various risks, and future business and funding plans in (1).
- (3) Minimum targets: The lowest targets, obtained assuming the worst case scenario with respect to uncertainties.

Target (2) above is the company's official target for external consumption, but (1) is shared by all the company's executives, who regularly check on progress with sales. Meanwhile, management also draws up financial measures in case results only reach (3). In recent years, AMITA has frequently revised guidance, which is very embarrassing as CFO. We have not missed minimum targets, but it's true that in

dealing with the problems that led us to achieve only minimum targets, we have not taken the strategic financial steps we should have. From now on, we intend via a companywide business revamp to increase the precision and pace of development of investment businesses, definitely hit the targets the company should achieve, and implement a more aggressive financial strategy as AMITA nears its internal targets.

Ishida: The company needs to forge closer links between executives responsible for sales and development, and spread risk and danger management methods from a financial perspective among local staff, doesn't it? Could you now please outline the measures AMITA is taking to improve the "division of responsibility" trap into which AMITA staff have fallen and revamp outmoded working practices?

Kumano: Everyone understands that measures are needed with regard to business that is poorly cost-effective and delayed development projects.

However, using the methods employed to date can be counterproductive in some cases.

Thus, although we have all been calling for innovative improvement measures since the Tohoku earthquake and tsunami, most team leaders only move within the bounds of their experience.

Accordingly, from this year we have tried to move personnel with specific experience-based ideas for new measures into support roles, and have positioned people who are likely to come up with specific innovative measures at the centre of management. Also, since FY 2015, we have been developing a service structure and creating added value. This year, we revised the company's structure to match.

We have created integrated manufacturing and sales teams that facilitate links between manufacturing and sales, strengthened our non-face-to-face,

high-quality customer service division, and integrated client management, which was previously split among offices.

The Regional Systems Design Business makes only a modest contribution to earnings, but it is very effective from a PR standpoint in boosting enterprise value. So we plan to strengthen the PR transmission structure at the parent company (AMITA HOLDINGS).

Strategy for turning a profit at the Regional Systems Design Business

Ishida: There are great expectations of the Regional Systems Design Business, but it looks as though it is going to be some time before it actually becomes a major source of earnings.

Kumano: We plan to develop the business in three stages. First, biogas-fuelled power generation facilities and liquid fertilizer. This started operating in earnest in Minamisanriku in October last year. Second, total recycling of waste in the region. We are preparing for this, aiming to start the year after next. Third, creation of industry in the region. We have fielded a lot of inquiries about this model, and support for creating the vision in Kamimachi, Miyagi Prefecture has begun. Based on our track record in Minamisanriku, we will strive to boost business profitability, including by working out the optimum staffing levels for biogas business and considering a shift towards high earnings business such as accepting sludge and leftovers from local food processing plants. If we realize this, it will also be possible to link up and merge with the Environmental Strategy Design Business's recycling platform, considerably

broadening the scope of the company's business. We plan to form this local recycling model into a package and export it in a few years' time.

Basis of the forecasts in AMITA's three-year plan

Ishida: Since the Regional Systems Design Business will not become a key source of profits unless we provide it in a certain number of regions, it is time to develop regions where we can win orders that will become strategic stock in a few years' time. It's the same with strategy support for companies. Drawing up plans for next year's sales this year is key as it takes time for orders to translate into actual earnings in projects worth several tens of millions of yen. We released a new three-year plan in February. Let's ask Director Shimizu how he sees AMITA's medium-term sales and profits.

Shimizu: We don't expect substantial growth in the domestic recycling market. We plan to boost overall sales and profits via business efficiency gains and by expanding the range of services we offer. However, we do expect major growth in overseas business in the near term. We expect group operating income to grow ¥74mn in 2016-17 and ¥87mn in 2017-18.

We think some 70% of this will be due to the Taiwan plant. Thus, earnings should steadily increase after the plant starts operating this year, and we are aiming to further boost earnings from the second year in operation by expanding facilities.

In addition, in domestic business, we are developing plants and making existing facilities more efficient via cooperation with partner companies, boosting earnings by reducing COGS and steadily improving

earnings by expanding consulting services. We expect these trends to continue. As regards consulting, we have great expectations of The Sustainable Stage, a total environmental strategy support package we started offering in February 2016.

*See pp.19-23 for details about The Sustainable Stage.

Boosting enterprise value

Ishida: It seems as though the Taiwan plant will be key. AMITA's business is ESG itself, which stands for Environment, Social, and Governance. Thus I believe the company should strengthen its own ESG and proactively communicate our social value. Won't this lead to an increase in enterprise value and be reflected in the share price?

Kumano: We've arrived in the era of enterprise value management. How AMITA, which proposes that clients shift from boosting product value to increasing enterprise value, increases its own enterprise value is key. For example, we are promoting so-called "company design", in which aspects of how a company is managed, such as systems enabling staff to bring children to work and systems that provide ways of working to people who for various reasons find it hard to obtain employment, are considered and then created. We want to continue striving to create a sustainable future in both business and corporate systems.

Ishida: AMITA is a company that thinks about and creates an ideal society together with its clients. However, as the company has grown, we decided to try and systematize our business, organization, and even our people to achieve efficiency. Staff joined



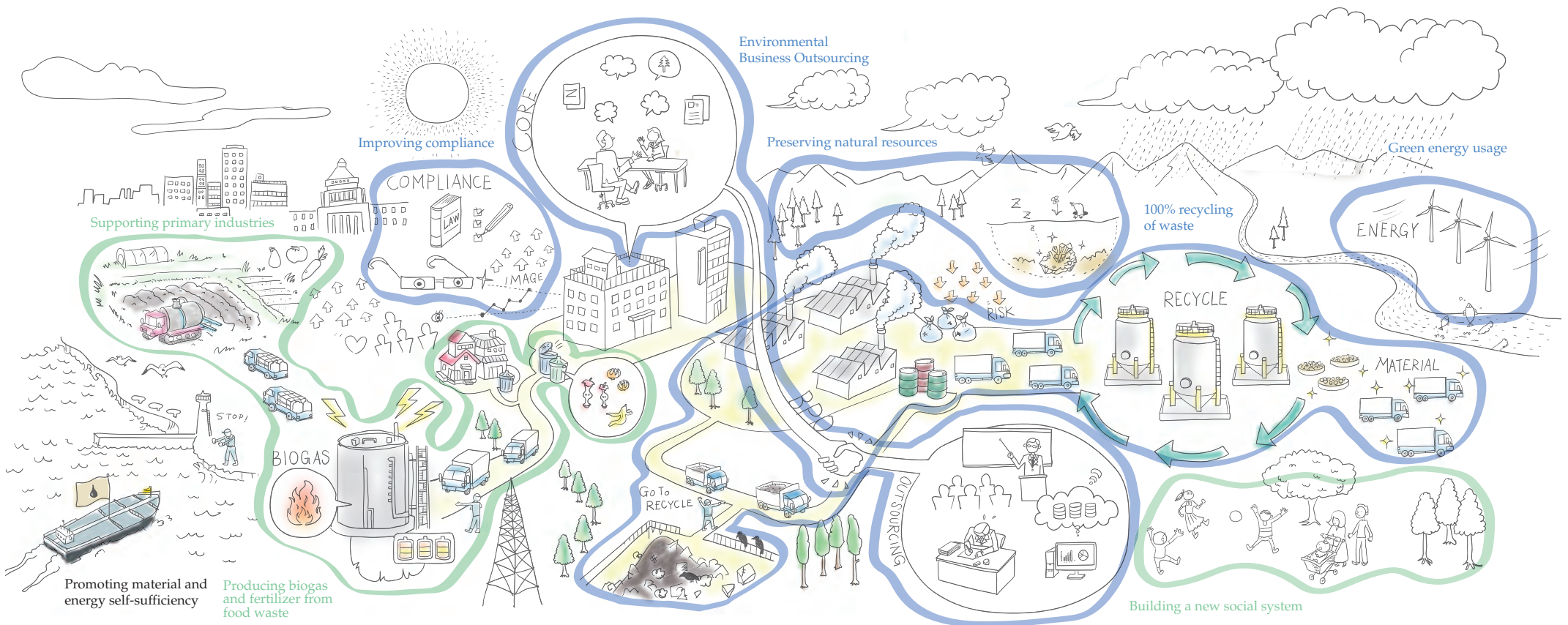
in with this, and in a sense slacked off. I think this is why we have arrived at a major turning point. The main reason I became an AMITA executive is that I thought the company was a leader in terms of grasping and understanding historical and social developments. However, its ability in this regard is now waning. I think AMITA will change enormously if it returns to first principles and improves and restructures, re-incorporating its original character in staff development and organizational changes. It's not easy to inject life and soul simply by making organizational changes. I think that is the role of the company's directors. Thank you.

Business Domains of the AMITA Group

Promoting sustainable resource and energy usage through the harnessing of neglected resources.

Environmental Strategy
Design Business

Regional Systems
Design Business



The group's core business, accounting for 90% of net sales



Supports planning and implementation of corporate environmental strategies and making industry more environmentally friendly.
Corporate services

Environmental Strategy Design Business

Solves social issues and boosts corporate sustainability via environmental strategy support. Realizes increases in companies' social value via comprehensive support from environmental strategy planning to environmental management outsourcing, sustainable procurement, environmental risk consulting, environmental certification audits/assessments, and waste recycling.



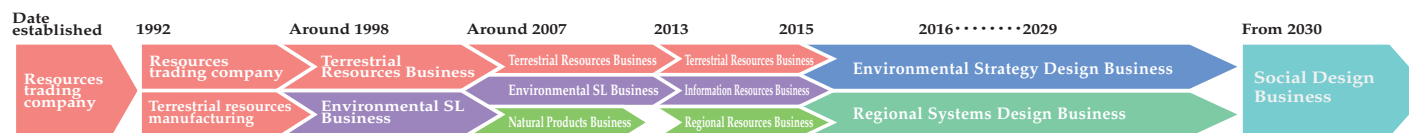
Future development business due to get under way in earnest in FY 2016



Creates thriving regions that connect people with nature by harnessing neglected local resources.
Services for regions

Regional Systems Design Business

The AMITA Group supports creation of compact autonomous regions that harness neglected local resources. Designs regions where people can live with peace of mind and builds resources, economy, employment, and rich human relationships by constructing a Comprehensive Cyclical System of Resource Usage using social technology including biogas plants, symbiotic farming, fuel production from neglected material resources and waste, and local production and consumption of energy.



*Only major events noted from establishment through 2013.

The AMITA Group was originally established in 1977 as a metal resources trading company. The group has revised its business domains as it has developed with the changing of the times. By 2030, we plan to merge the functions of the current Environmental Strategy Design Business and Regional Systems Design Business and develop a Social Design Business which forms rich societies that connect people with nature.



Environmental Strategy Design Business



topic 01

Promote marketing of Best Way to Manage Waste

The support tailored to clients' needs offered via this service released in FY2014, including risk reduction, management efficiency gains, and realization of knowledge transmission, has been positively received. In FY 2015, net sales came to roughly double the ¥25mn target, due mainly to growth in the number of companies that introduced our services and bundled orders for other services due to the introduction of the main services.



Demand for outsourcing of specialized management at companies is expected to grow, and AMITA aims to widen the range of outsourcing services it provides in the environmental and CSR fields.

FY 2015 results

FY 2015 target net sales

¥25mn

FY 2015 net sales*

¥50mn

*Includes bundled orders for other services due to Best Way to Manage Waste orders.

Supplied from FY 2016 as part of the The Sustainable Stage program total service for corporations.

- ▶ For details about Best Way to Manage Waste see p.22.
- ▶ For details about The Sustainable Stage program see pp.19-23.

topic 02

Opening of AMITA Terrestrial Resources Development Partners



Since 2013, AMITA has been developing AMITA Terrestrial Resources Development Partners, a network of companies that provide 100% recycling technologies. As a result, it became possible to rapidly develop AMITA-quality recycling bases nationwide. It also benefitted clients in regions with no nearby AMITA plant by reducing transportation costs.

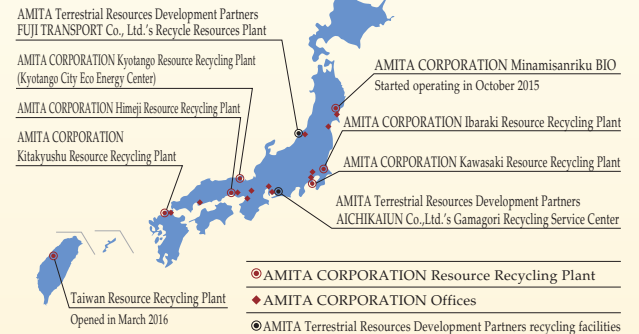
Start of operation of FUJI TRANSPORT Co., Ltd. Recyclable Resources Plant

The second partner plant after AICHIKAIUN Co.,Ltd.'s Gamagori Recycle S.C. (Aichi Prefecture), FUJI TRANSPORT Co., Ltd.'s Recycle Resources Plant (Niigata Prefecture) started operating in June 2015. The plant is promoting recycling in the Hokushinetsu region.



AMITA's resource manufacturing platform, which supports manufacturing in the environmental era.

Map of Resource Recycling Plant, recycling facilities, and offices
As of March 2016



topic 03 | Delay in start of operation of Taiwan Resource Recycling Plant

The Taiwan Resource Recycling Plant was due to start operating in FY 2015. However, due mainly to local administrative procedures there was a delay, and the plant actually started operating on 24 March 2016. The plant manufactures recycled products such as silicon metal and recycled coolant made from liquid waste generated in the solar panel manufacturing process. It is aiming for FY 2016 net sales of ¥210mm.

Following the survey we conducted in FY 2014, we also conducted an investigation into the feasibility of turning waste recycling, resource recycling systems and the like into businesses in Malaysia, Palau, Vietnam, Indonesia, and Thailand. Especially in Malaysia, we are engaged in business preparation including tie-ups with local companies in advance of construction of recycling plants, following construction of the plant in Taiwan.



Taiwan Resource Recycling Plant

▶ See pp.14-15 for details about overseas development.

topic 05 | Kawasaki and Kitakyushu Resource Recycling Plants obtained superior certification

In 2015, AMITA's Kawasaki and Kitakyushu Resource Recycling Plants obtained the certification system for businesses detoxifying waste from the local governments in recognition of their stable and secure operation since 2010 when they opened.

The five-year approval usually granted to industrial waste disposal companies becomes valid for seven years when companies are so recognized. Such recognition can also be the deciding factor in client selection of a disposal company.

AMITA intends to maintain its efforts in terms of compliance and safety measures so that clients can continue to use it with full confidence in the company.



Kawasaki Resource Recycling Plant

▶ See p.13 for details about recycling plant results, and p.36 for details of AMITA's efforts with respect to plant safety.

topic 04 | Environmental strategy support seminars and product development

We held six seminars for corporate senior executives and managers of environmental divisions in Tokyo, Osaka, and Fukuoka on the theme of sustainable corporate growth under environmental constraints. More than 400 people attended. Surveys completed on the day and subsequent interviews and marketing revealed strong corporate demand for environmental strategy planning with an eye on future environmental constraints.

Accordingly, in the second half of 2015, we developed The Sustainable Stage program total service that supports sustainable corporate development. We started offering it to clients in February 2016.



Environmental Strategy Support Seminar looking ahead to 2030, held in Tokyo in June 2015

▶ See pp.19-23 for more details about The Sustainable Stage program.

topic 06 | Implemented first-ever ASC Certification assessment in Japan

In November 2015, AMITA conducted the first ASC aquaculture certification assessment in Japan at an oyster farm in Minamisanriku, Miyagi Prefecture. The farm was awarded certification in 2016.

ASC Certification is an international certification system which certifies whether fish farms' environmental and social aspects comply with standards of sustainable management. Aquaculture is growing and developing worldwide. The number of companies in Japan that have obtained ASC Aquaculture Certification is expected to grow in the run-up to the 2020 Tokyo Olympics.

AMITA is already an ASC COC certifying body that inspects manufacture, processing, and distribution. As a result of its latest certification it has become Japan's sole certifying body that assess all stages from manufacture through to distribution.



Assessment under way in Minamisanriku, Miyagi Prefecture

▶ See p.12 for details about certification service results, p.24 for details about Minamisanriku's efforts.

Comprehensive support for client companies' environmental initiatives

Environmental strategy implementation support service provision results *Clients include local governments.

•Environmental risk management/ consulting



No. of consulting service client companies: **58**
38 (+20 increase) in 2014

Services provided

- Waste Management Operations Visibility
- Environmental market surveys/ consulting
- Compliance consulting, etc.

•Outsourcing (including partial outsourcing)



No. of outsourcing companies: **15**
14 (+1 increase) in 2014

Services provided

- Waste management operations BPO (Best Way to Manage Waste)
- Waste data management
- Document management, etc.
See p.10 for results for Best Way to Manage Waste alone

•Training support (seminars, education, training)



Seminars held: **59**
Seminar attendees: **around 5,000**
On-demand training: **46 companies**

Services provided

- Waste management law and practices seminar
- Biodiversity seminar
- Environmental law seminar, etc.

•AMITA's free information service

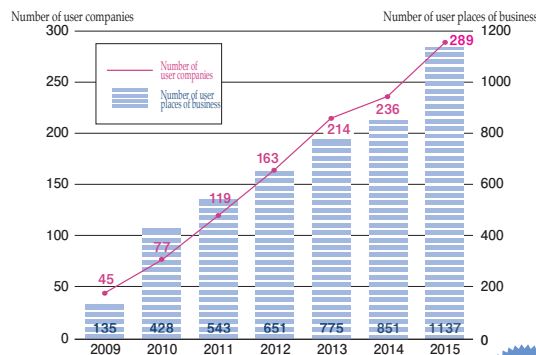
	2014	2015
Page views*	Around 1.5mn	Around 2.0mn
Users*	Around 389,000	Around 570,000
Number of recipients of information	Around 25,000	Around 30,000

*Actual results with respect to group website.

In FY 2015, we laid the groundwork for a revamp of group websites and the "Daily AMITA Update" website. In addition, free information service circulation and views of web-based media increased sharply as a result of our efforts to reflect clients' needs-grasped via face-to-face and indirect marketing-in our content. The marketing capabilities of the group as a whole have improved.

•Digital waste management system

Number of user companies/places of business



Penetration among top 20 environmental brand companies (2015)

7 companies

*Based on Nikkei Business Publications Eco-brand Survey 2015.Regarded as an indicator, although ranking changes every year.

20 companies



•Environmental certification service

FSC® FM Certification
System of certifying forests that are appropriately managed

Area AMITA handles

268,788ha

Total area of certified woodland in Japan

393,243ha

FSC® COC Certification
A system for certifying the manufacture, processing and transportation of products made from lumber derived from FM certified forests.

Cases handled by AMITA

229

Total certified location in Japan

1,046

MSC COC Certification
A system for certifying the manufacture, processing, and transportation of appropriately managed marine products

Cases handled by AMITA

44

Total certified location in Japan

77

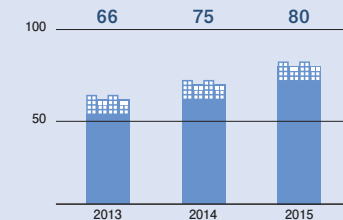
(As of end-December 2015)

Net increase (decline) in 2015

	FSC® Certification		MSC Certification	ASC Certification
	FSC® FM	FSC® COC	MSC COC	ASC COC
Japan	0 <small>(Increase 2 / decline 2)</small>	-52	10	13 <small>(Increase 13 / decline 0)</small>
AMITA	-1 <small>(Increase 1 / decline 2)</small>	-16 <small>(Increase 14 / decline 30)</small>	3 <small>(Increase 4 / decline 1)</small>	4 <small>(Increase 4 / decline 0)</small>

*In 2015, AMITA HOLDINGS Co., Ltd. conducted Japan's first ASC aquaculture certification assessment in Minamisanriku, Miyagi Prefecture. In 2016, it was recognized as a certification body.

Number of companies that use multiple services

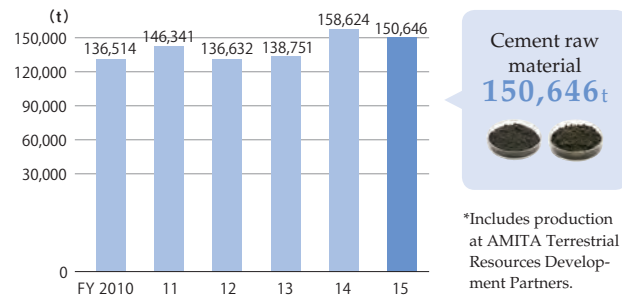


AMITA comprehensively supports the implementation of client companies' environmental plans. The number of companies that have introduced multiple services has risen by five versus last year to 80. The total number of the group's clients is 1,154 companies.



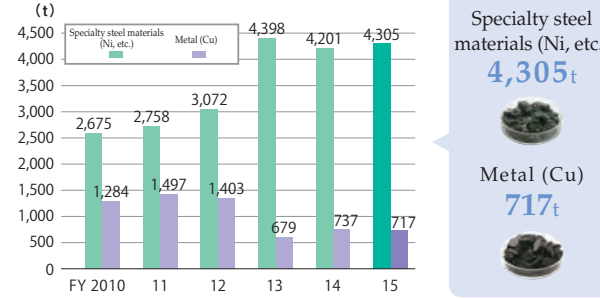
Performance of resource recycling plants

Change in calorific cement raw materials output



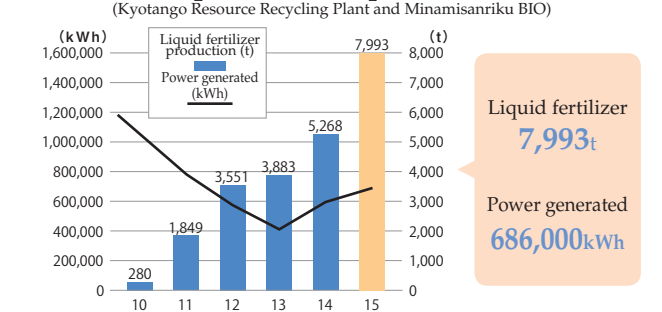
The recycling plant of a partner company in Niigata started operating in June 2015. However, overall production volume has since fallen slightly due to a decline in volume handled and in the number of companies that receive the products.
▶ See p.23 for details about efforts to boost production volume.

Change in metal raw materials output



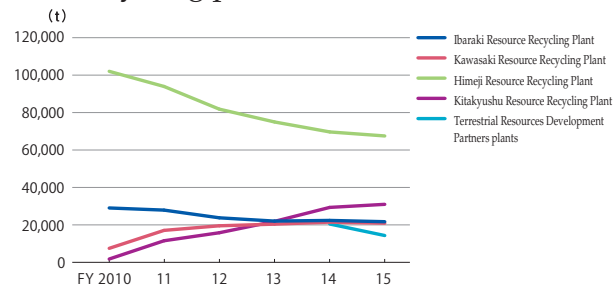
Production volume of specialty steel raw materials (Ni, etc.) and metal materials (Cu) has tracked broadly flat. In 2015, we developed new metal raw materials and started to supply them to clients.

Total amount of electric power generated and liquid fertilizer produced



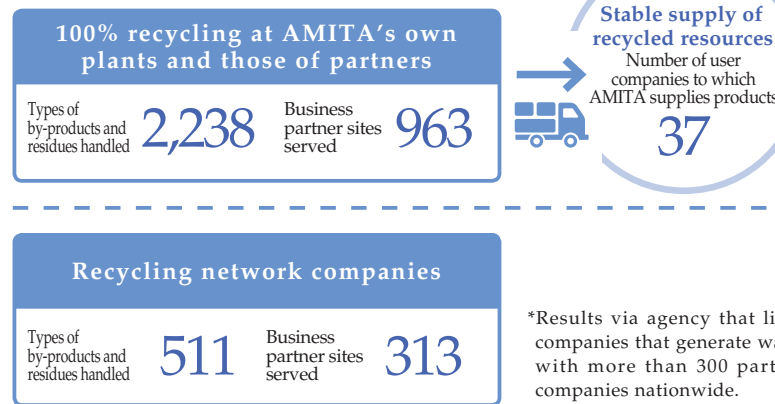
In October 2015, Minamisanriku BIO started operating. Meanwhile, liquid fertilizer was used more extensively near Kyotango Resource Recycling Plant (Kyotango City Eco Energy Center*), with the result that liquid fertilizer production volume increased.
*The AMITA Group runs the Kyotango City Eco Energy Center as the designated operator.

Change in production volume at each recycling plant



Manufacturing costs at Himeji Resource Recycling Plant rose due to demands for higher product standards of recycled resource. Production volume has also fallen due to a decline in volumes received by big clients and business partners. At Kitakyushu Resource Recycling Plant, volumes received increased due to favourable geography, and production volume has continued to rise.

Business Accomplishments FY 2015



Due to start in 2016

Total service that supports sustained corporate and social development "The Sustainable Stage"

A comprehensive service that supports client companies from environmental strategy planning through implementation, started in 2015. Went into full-scale operation in February 2016.

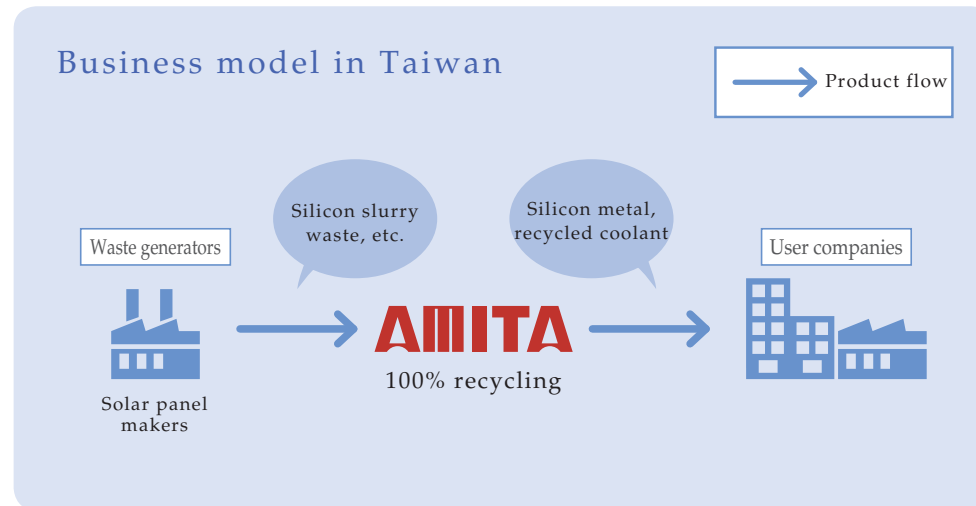
Development results

2015: Supplied model to two companies
2016: Started full-scale expansion (see pp.19-23 for details)

▶ Overseas business development

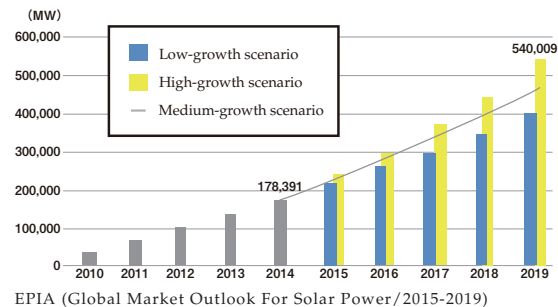
March 2016: Taiwan Resource Recycling Plant, AMITA's first overseas manufacturing plant, opened for business

In March 2016, the AMITA Group opened a new manufacturing plant in Taiwan in order to develop in overseas markets, especially rapidly growing Asia, the 100% industrial waste recycling technology it has nurtured in Japan since Japan's period of rapid economic growth. The plant recycles silicon slurry waste from solar panel manufacturing in Taiwan and sells it to user companies (in Japan, Taiwan, and elsewhere) as a resource.



Scenario forecasts for the cumulative market for solar power generation systems worldwide

The global solar power generation system market is still expected to grow substantially and is currently expanding in China and India in addition to in Europe, North America, and Japan. Against this background, production volume is also expected to increase in Taiwan, which has an around 16% share of global solar cell production (FY 2013 data).



Taiwan Resource Recycling Plant



Local company name	AMITA TAIWAN CORPORATION
Location	Changhua County Taiwan (R.O.C.)
Area	6,976m ²
Date opened	March 2016
Items accepted	Silicon slurry waste
Products manufactured	Silicon metal, recycled coolant
Investment	Around ¥407mn (forecast) *Additional investment to be decided in stages depending on results and market conditions
Net sales targets	2016: ¥210mn 2017: ¥370mn 2018: ¥540mn

Indonesia, Thailand, Vietnam (surveys in progress)

Following Taiwan and Malaysia, the AMITA Group is currently conducting surveys seeking business development possibilities mainly in countries in Southeast Asia. It is looking at production and disposal of industrial waste in each country, and at how technology and expertise built up in Japan to date could be used there.

Current situation

AMITA has been commissioned by Japan's Ministry of the Environment to conduct FY 2015 Feasibility Studies on Joint Crediting Mechanism (JCM) Projects in Indonesia, Thailand, and Vietnam, to help realize a low-carbon society in Asia. The company is conducting surveys aimed at commercialization in all three countries.

Survey details

1. Consider candidate users of recycled products
2. Survey target waste
3. Survey and classify relevant laws and regulations
4. Feasibility survey including economic aspects
5. Consider tie-ups with existing companies and obtain legal licence to operate, etc.

Malaysia (aiming for start-up in 2016-17)

AMITA is in the final stages of preparing to develop waste cement recycling business via a joint venture with a local company, aiming for construction to be completed in FY 2016-17.

Key points

Malaysia is aiming for a recycling rate of 22% by 2020. More than 90% of waste is currently incinerated or goes to landfill. We therefore believe there is strong demand for AMITA's 100% recycling technology, especially among Japanese companies operating in the country.

How AMITA will progress the project through to starting the business

Leveraging experiences gained when the company moved into the Taiwanese market, AMITA will reduce legal and administrative risk by exchanging information with related plants, including plants operated by local companies. It will also host seminars, especially for Japanese companies, establishing a path toward them becoming clients, thereby securing input sources and output products.

Taiwan (opened in March 2016)

AMITA has established a business in Taiwan, where around 16% of the world's solar cells are made, fully recycling the silicon slurry waste generated in the manufacturing process (see p.14 for details).

Key points

There are many local waste disposal companies. However, few have the technology to fully recycle waste including recycling by-products, and we think AMITA has a considerable advantage here.

Operational structure

Dispatch a Japanese engineer and hire several workers locally.

In addition, during the start-up phase, dispatch one person with responsibility for overseas business who supervises how the business progresses.



Client interview – 01

AMITA is your partner in "creating" and "expanding" the environmental cities of the future

Kitakyushu City was a driver of Japan's industrial development in the early 20th century. However, it also faced serious problems with pollution. Today, these problems have been overcome due to efforts both in the public and private sectors, and various steps are being taken to spread, both in Japan and overseas, the expertise and networks built up in the course of overcoming the problems. As a partner in realizing these efforts, AMITA is involved in various initiatives including Kitakyushu Eco-town (a major centre of environmental industry) via the establishment of the AMITA Kitakyushu Resource Recycling Plant, and by being commissioned by the Ministry of the Environment to come up with joint proposals for surveys aimed at commercialization of recycling industry overseas. We spoke with Kengo Ishida of the Kitakyushu Asian Center for Low Carbon Society about AMITA's relationship with Kitakyushu City and the outlook for the future.



Executive Director, Kitakyushu Asian Center for Low Carbon Society, Environment Bureau, City of Kitakyushu
Kengo Ishida



Joint efforts by industry, the government, and academia are key to realizing an "eco-town".

We see three key points with regard to promoting the realization of a recycling-oriented society.

- 1 Establishing laws and regulations to recycle waste
- 2 Support from companies that possess outstanding recycling technology and provide wide-ranging ongoing services
- 3 Developing new resource recycling technology via academic approaches

Partly because Kitakyushu City overcame serious pollution problems, many companies that possess outstanding recycling technology are concentrated in the city. Kitakyushu Eco-Town is the heart of industrial development over a wide area, centred on Kitakyushu City, and of waste processing and recycling into resources. I think the 100% recycling technology of AMITA, which has joined the project, is key both in terms of promoting zero emissions and in relation to the issue of exhaustion of natural resources.

Local residents are concerned about the burden on the environment of waste recycling. However, AMITA is also cooperating in efforts to raise local residents' environmental awareness, including by accepting requests for periodic inspections. Companies that have various recycling technologies such as AMITA are participating in Kitakyushu Eco-Town and intend to create "an Eco-Model City under Japan's Future City Initiative" they can be proud of via mutual ties between industry, government, and academia.



The AMITA Kitakyushu Resource Recycling Plant in Kitakyushu Eco-Town, where various recycling industries are concentrated

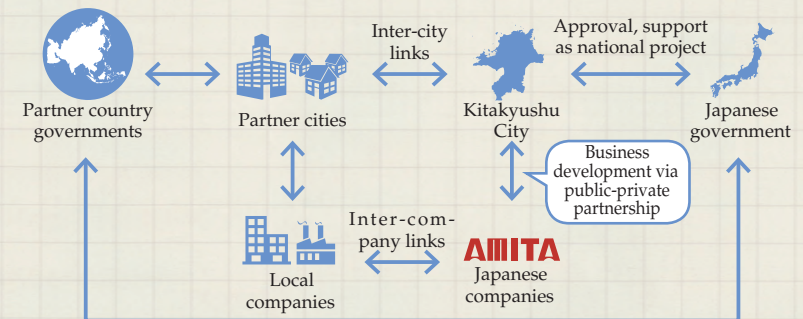
Looking to become an international resource recycling base

Kitakyushu City is aggressively promoting international environmental business centered on rapidly growing Asia, leveraging partnerships with companies, local governments, and research organizations, and technology and expertise acquired in the process of overcoming its own pollution problems. We aim to contribute internationally on the environmental front and boost Kitakyushu City's presence as a "green city" both in Japan and overseas by supporting the international development of the city's outstanding environmental industry companies. In particular, as we think AMITA's 100% recycling technology is extremely advanced, we intend to support overseas development leveraging our network as an administrative body.

Key examples of links between AMITA and Kitakyushu City

- AMITA Kitakyushu Resource Recycling Plant in Kitakyushu Eco-Town (2010-)
- Winning of order to conduct feasibility study for JCM project in cooperation with various bodies including Kitakyushu City (2013-)
- Winning of order to conduct feasibility study of Ministry of the Environment overseas commercialization project jointly with Kitakyushu City (2013-)

Formation of inter-government, inter-city cooperation platform



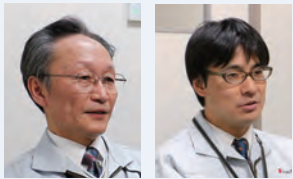
Support from behind via discussion, agreement between governments, etc.

Total support of "corporate activity = environmental activity"

Kyokuto Kaihatsu Kogyo Co., Ltd. is developing business closely related to the environment, including manufacturing of special vehicles such as waste collection trucks, and construction and operation of recycling facilities. The company is currently striving to standardize and stabilize environmental business on a companywide basis and establish and implement CSR activities and environmental strategies linked with its business. We spoke with staff from the company's headquarters, and leaders of individual bases which AMITA has been supporting, who outlined how they see things from their perspectives.



HQ-led, unique planning and execution of CSR activities and environmental strategies!



Head of CSR office
Hideki Oka

Chief clerk, CSR office
Saori Murasawa

Client problems	Services provided by AMITA
Improving employees' CSR and environmental awareness	On-demand CSR training Details: "CSR basics: CSV"
Information gathering supporting environmental strategy planning	Free information supply service Ex.: Environmental strategy seminar looking ahead to 2030

We intend to lead companywide environmental activities via implementation of ISO14001 standards and promote unique CSR activities and environmental strategies. To achieve this, the CSR office needs to take the lead in boosting internal awareness and proposing and promoting environmental activities closely linked with business. In June (designated Environment Month in Japan), AMITA provided CSR training at the company headquarters as one of the activities designed to boost internal awareness. The training covered everything from CSR basics through to the latest trends, deepening employee awareness. We hope employees will come to view CSR

activities as "part of business" rather than "voluntary". We use AMITA's information service to gather information needed in environmental strategy planning. For example, in 2015, Kyokuto participated in the "Environmental Strategy Support Seminar looking ahead to 2030". The seminar was extremely useful. We learned about how companies should act under future social conditions and ways of thinking when planning environmental strategies. We intend to continue to promote environmental efforts, together with other departments, to more closely link the environment with our business.

Reducing business risk and burden via the introduction of systems and compliance checks!



Chief clerk, management section, Miki plant
Nobumoto Kasahara

Client problems	Services provided by AMITA
Appointing a specific person to be responsible for waste management business and securing time for management business	Waste management system Digital waste management system
Reducing compliance risk when concluding disposal contracts	Support for document preparation and project compliance checks ahead of conclusion of waste disposal contracts




As I was the person chiefly responsible for waste management at the Miki plant at the time, I wasn't able to get around to doing my own management work. Although doing existing work more efficiently was a major precondition of dealing with new work that arose in those circumstances, we couldn't neglect risk management with respect to breaching laws and ordinances. So we introduced AMITA's digital waste management system, and while standardizing work and doing it more efficiently, we also strove to reduce risk of breaching laws and ordinances as a result of human error. We also asked AMITA to draw up documentation

for the conclusion of contracts and conduct compliance checks of contracts exchanged up until that date. This is because up until then we had used contracts in the form supplied by business partners, so the conditions and items in the contracts were not standardized, making it difficult to compare them with the details of other contracts. AMITA proposed standardizing contracts as a solution to this problem. This made it easy to confirm contract details, making the process more efficient. It also reduced risk of violating laws and ordinances. Helped by AMITA's reliable support, we can now also focus on our primary management business.

▶ Review of FY 2015 efforts

New service Best Way to Manage Waste was received positively. Also tapped new client needs

Waste management outsourcing and ancillary service orders were firm in FY 2015. In recycling-related services, although new applications were developed for recycled resources, overall volumes handled declined. We clarified client needs in terms of responding to future environmental constraints via market development seminars.

Three key measures	Results in 2015	Evaluation
 <p>Provision of stable and secure recycling services</p>	<ul style="list-style-type: none"> •FUJI TRANSPORT Co., Ltd. Recycle Resources Plant, a member of Terrestrial Resources Development Partners that used AMITA recycling technology, operates in Niigata (June). •Securing clients for recycled resources, including in Hokkaido and Tohoku. •Total volumes handled declined. 	△
 <p>Reduction in product development and recycling costs</p>	<ul style="list-style-type: none"> •We interviewed Japanese raw materials makers about the materials they needed and as a result of developing new applications for recycled resources we successfully developed three types of product including a calcium substitute for steel and non-ferrous metal manufacturers. Developments in the use of waste composed of ingredients not handled to date. •Reduced recycling costs in Tohoku via operation of FUJI TRANSPORT Co., Ltd. Recycle Resources Plant. 	△
 <p>Strengthen environmental strategy support</p>	<p>The number of companies using Best Way to Manage Waste increased and we promoted contracted ancillary work. Achieved net sales totalling around ¥50mn versus target of ¥25mn.</p> <p>As a result of holding six environmental strategy support seminars in three locations in Japan, we clarified the latest needs of corporate clients and decided to develop The Sustainable Stage, a new service. (Provision of the service started in February 2016)</p>	◎

Column

Growing need for environmental strategy

As mentioned in business topics, we hosted environmental strategy support seminars in 2015. Participant surveys revealed the main issues to be "environmental initiatives on the defensive", "environmental forecasts", and "links to products and services".



Since 2011, due to the substantial global risk they pose, environmental issues have been high on the list of topics at the Davos World Economic Forum, where the world's leaders meet. This implies that the environment has steadily risen up the ranks of corporate management issues.

	2009	2010	2011	2012	2013	2014	2015
1st	Collapse of asset values	Collapse of asset values	Financial crisis	Collapse of asset values	Collapse of asset values	Collapse of asset values	Water crisis
2nd	Curbs on globalization (industrialized countries)	Curbs on globalization (industrialized countries)	Damage caused by climate change	Water supply crisis	Water supply crisis	Climate change	Rapid spread of infectious disease over a wide area
3rd	Sharp rises in oil & gas prices	Sharp rises in oil & gas prices	Geopolitical conflicts	Food shortage crisis	Long-term financial imbalances	Water crisis	Weapons of mass destruction

■ Economic ■ Environmental ■ Geopolitical ■ Social

From Global Risks 2015 10th Edition (World Economic Forum)



Start of provision of new service The Sustainable Stage

In February 2016, the AMITA Group started to provide a comprehensive service called **The Sustainable Stage** through which it supports corporate sustainable development under future environmental constraints.

Background to development

Corporate environmental strategy has entered a period of change

Environmental strategy to date

≡ Mainly strategy for “the environment”

Environmental strategy issues as revealed via interviews with companies

- 1 Meeting various standards such as ISO has become the aim. The original aim has been lost.
- 2 Evaluation of the impact of environmental efforts on financial and non-financial information is insufficient.
- 3 Strategies have not been drawn up or tried that would boost enterprise value and lead to a competitive advantage and development of new markets.

Environmental and CSR efforts are separate from business activities



Environmental strategy from now on

≡ Strategy that has been sublimated into a business model

Key conditions for environmental strategy from now on

Environmental strategy planning and implementation that meets the following conditions will be demanded from now on, not just from environmental departments, but also with input from administration, production, and sales divisions.

- | | |
|--|---|
| <ol style="list-style-type: none"> 1 Not contradicting management strategy, but united with it. 2 Factors in the impact of future environmental constraints. | <ol style="list-style-type: none"> 3 Contributes to improved sustainability of one's own company and society. 4 Can evaluate the impact of efforts on enterprise value. |
|--|---|

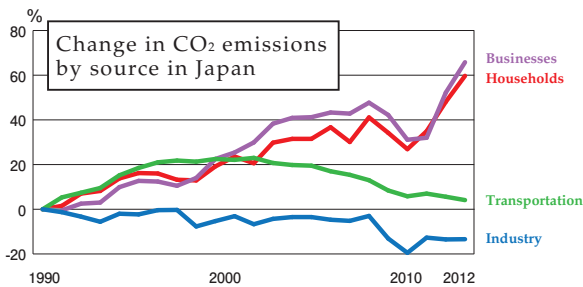
Global developments
Growth in the world's population
Exhaustion and concentration of natural resources
Climate change, etc.

Developments in Japan
Declining population
Shortening of the product cycle, etc.

Reference

The eco-product dilemma

Claimed to be "energy saving", per-household home electronics penetration has increased sharply, resulting in growth in CO₂ emissions from households.



Source: Greenhouse gas emissions in Japan, National environment research institute (NIES, Japan)

How companies should strive to be





A total service that supports sustainable corporate development

The Sustainable Stage

What is The Sustainable Stage?

The Sustainable Stage is a program to boost enterprise value by solving social problems through business activities and guaranteeing business sustainability even under strict environmental constraints.

Service outline

The Sustainable Stage is divided into four major stages.

Stages



Main targets Company senior executives, department heads
Retranslates corporate missions and philosophies, bringing them up to date.

Example
A mission such as "provide a flourishing lifestyle"
⇒What is genuine prosperity today, and what will it be in the future?
What will a sustainable lifestyle be in a given era?
How can we realize that in our products and services?
We clarify such questions specifically and in structural terms and draw up a moving vision.

Main targets Company managers, department heads

We design business and business models companies should aim for and provide support for planning specific strategies to realize these aims, drawing up roadmaps, etc., using both backcasting, which involves forecasting changes in the business environment including environmental constraints and technological advances, and forecasting, i.e., thinking about the future based on current business conditions.

Main targets Department leaders and front-line site manage

We support specific tactics and activities to solve problems in accordance with strategies and roadmaps drawn up in the Strategy Stage.

Support menu examples

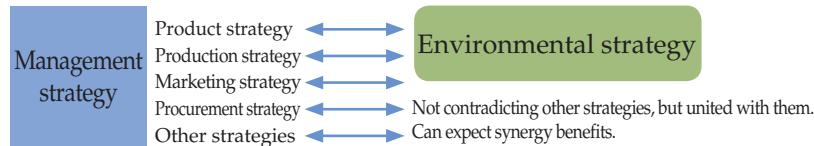
CSV business producing and cooperation; support for formation of agreement with stakeholders; total work design; compliance, etc., education and training; partner evaluation and selection support; ongoing monitoring of efforts and activities and plan revisions; outsourcing of business operations; 100% recycling, etc.

Special features of The Sustainable Stage

Special features

1 Fusion of environmental and management strategies

Environmental strategy that mutually links products, production, marketing, sales, procurement, etc., strategies without separating it from management strategy can be planned via the Drama and Strategy stages.



Special features

2 Implementation support menu which has a solid track record

The support menu provided in the Solution and Operation stages is based on the environmental services AMITA has provided to many companies for nearly 40 years. AMITA's strength is its ability to implement measures and respond in a comprehensive fashion from defensive environmental measures through to offensive CSR planning.

Wide variety of implementation support examples

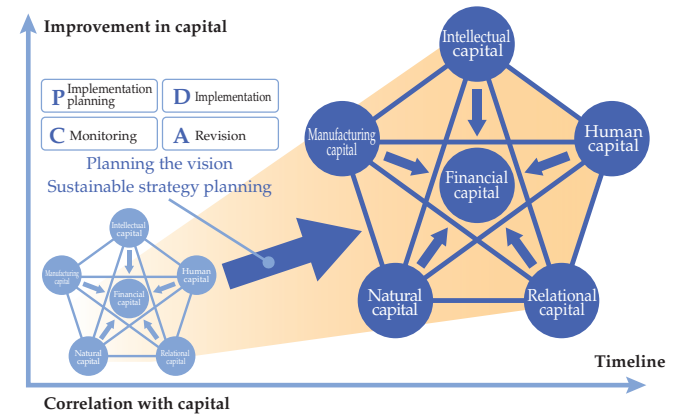
- ▶ Total waste recycling (recycling of previously incinerated waste, zero-emission support, etc.)
- ▶ Green procurement support (support for drawing up green procurement standards, provision of alternative raw materials, environmental certification audits/assessments, etc.)
- ▶ Support for revising product manufacturing and sales processes (support for reducing volume of waste produced, vending machine recovery, etc.)
- ▶ Support for adoption of IT platforms in environmental management (provision of environmental management systems)
- ▶ Support for CSR and environmental marketing (environmental service market research, sales promotion support, etc.)
- ▶ CSR activity consulting (CSR activity planning and operations support, support for making corporate events more environmentally friendly, support for publicizing efforts, etc.)
- ▶ Environmental risk reduction consulting (risk assessments, compliance training, etc.)
- ▶ Support for achieving efficiency gains in environmental business (making business visible, optimizing business flow, manual creation support, etc.)
- ▶ Environmental business outsourcing (waste management business representation, personnel dispatch, etc.)
- ▶ Employee education support (environmental knowledge testing, environmental education and training, provision of materials for correspondence courses, etc.)
- ▶ Biodiversity consulting (establishment of biotopes in factories, surveys of introduced species, etc.)
- ▶ Environmental certification audits/assessments (FSC® forestry certification, ASC aquaculture certification assessments, surveys of proportion of used paper in recycled paper products, etc.)
- ▶ Support for response to new energy (support for sale and purchase of renewable energy, issuance of green energy certificates, etc.)

Special features

3 Makes impact on enterprise value visible

Enterprise value assessments that reflect both financial and nonfinancial information have recently become mainstream. In this service, we forecast the impact of the current business environment and future environmental constraints and corporate efforts in the area of environment on financial and nonfinancial indicators.

*Forecast impact made visible based on the six capitals advocated by the International Integrated Reporting Council (IIRC) and can be used as basic information among various types of corporate information disclosures.



Sales target

Sales in 2018
(third year of sales)

¥4.5 bn/year

¥100mn
¥4.4bn

*Solutions and operation stages include all services for corporations provided in 2015 including recycling and outsourcing. Net sales from these services totalled around ¥4.2bn in FY 2015.



Solution and operation programs for implementing environmental strategies

The Sustainable Stage offers numerous solution and operation programs for designing and implementing corporate environmental strategies. This section outlines two major programs and our initiatives for FY 2016 and beyond.

Support program

01

Waste management outsourcing services *Best Way to Manage Waste*

Outline

This waste management outsourcing service provides each client with tailor made comprehensive operational support that ensures its decisions are properly implemented. Combining automated and personal service solutions, this includes negotiating terms and conditions with intermediate waste treatment companies and collection and transportation companies, writing up contracts and generating manifest information.

Main features Leveraging synergies with other services

Best Way to Manage Waste is a waste management infrastructure service that makes the most of AMITA's expertise while ensuring the flexibility needed in meeting the client's individual needs. As a result, in FY 2015, orders for service programs that stem from or couple with *Best Way to Manage Waste* increased. (See P. 10 for actual figures)



Value propositions to our clients

Best Way to Manage Waste provides solutions to clients' problems:

- 1 Lack of environmental business personnel; cannot afford to spend time on training.
- 2 Compliance risks regarding improper or illegal waste disposal or management.
- 3 Different management procedures for each plant. Operations are handled by specific individuals.

Issues in delivering services

In order to minimize internal costs and risks, an increasing number of companies are choosing to outsource certain business operations. To meet the increasing needs of all *Best Way to Manage Waste* clients, AMITA must act swiftly to establish a system that ensures service quality will be maintained.



Initiatives for FY 2016 Establishing a solid system for providing services

Since its launch in 2014, the *Best Way to Manage Waste* service has met with high approval from clients. In 2015, we began developing customized products to provide better *Best Way to Manage Waste* services. In 2016, in preparation for a further increase in clients, we are working on a system that will make it possible for us to maintain the current level of high quality services in waste management.

Details of FY 2016 initiatives

- Review risk management procedures and quality management systems to ensure that the requirements specified in the SLA (service level agreement) we exchange with each client are met
- Standardize business operations and train operators
- Develop new products in response to client needs

Support program

02

100% recycling service

Values propositions
 Provides solutions to client problems such as:
 1 Increase in the risk of resource procurement
 2 Processing of hard-to-recycle waste

[Initiatives for FY 2016]

Closely ascertain the resource procurement needs of companies and step up efforts to develop alternative (recycled) resources.

Goals **New users companies 8** **New alternative (recycled) resources 8**

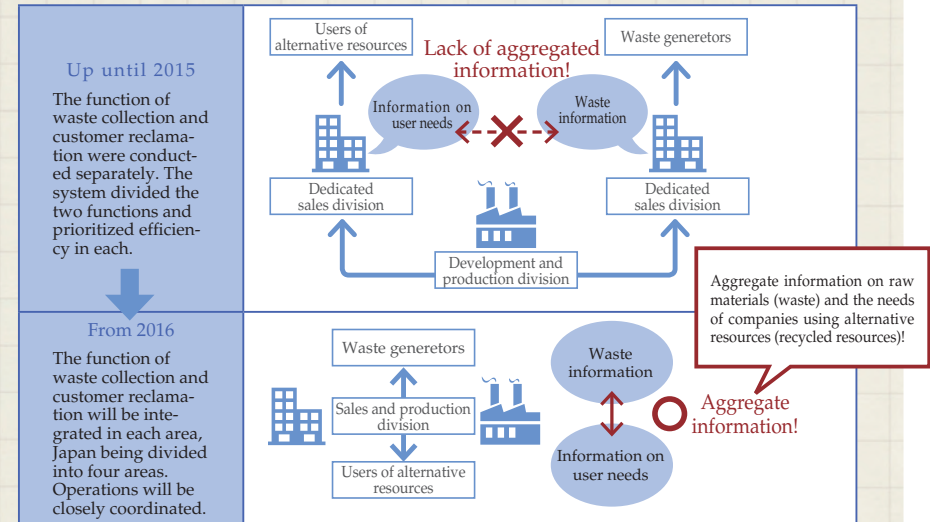
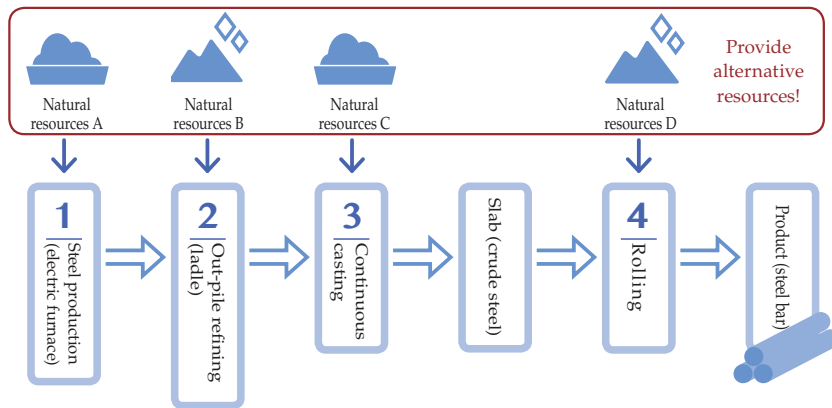
Expand use of alternative resources among industries and businesses

AMITA has a proven track record in developing and delivering newly improved alternative resources for the cement industry. In 2015, we applied our knowhow to developing new alternative resources for the ferrous and nonferrous metal industries and succeeded in creating 3 products. In 2016, we aim to expand the number of industries using alternative resources and develop more products in a systematic and organized manner.

Design a process flow within the area that covers everything from waste collection to the production and delivery of alternative resources

Alternative resources are made from waste. In order to ascertain the needs of user clients and develop new alternative resources within a short time frame, a team responsible for cultivating new users will work together with procurement staff who are able to obtain detailed information on waste, so as to design and promote optimum recycling of resources for that region.

Eg. Steel manufacturers Develop resources recycled from waste-derived materials as a alternative for the natural resources A-D used in production.





Regional Systems Design Business

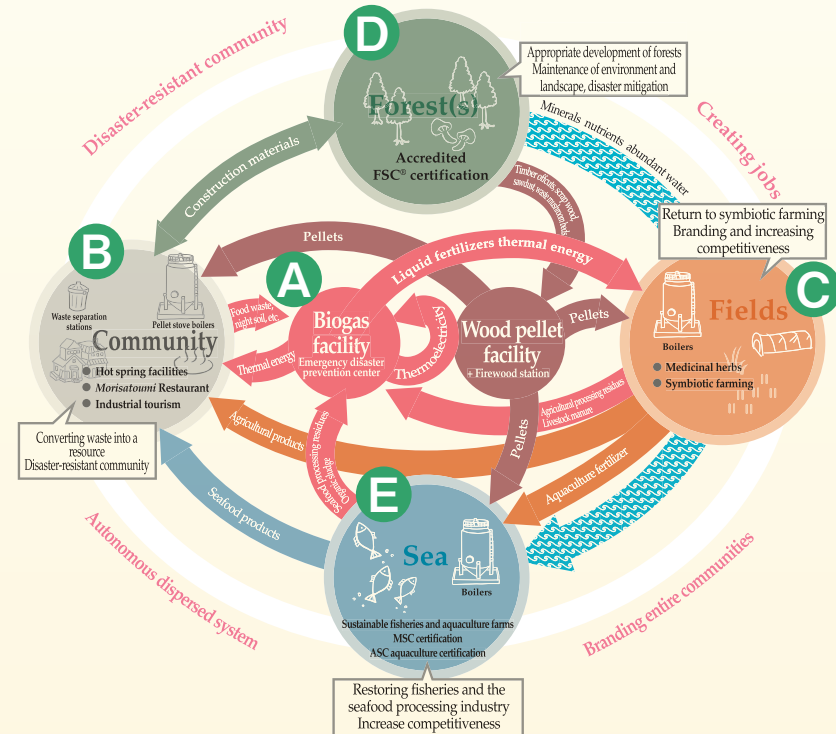
Business Topics 2015

Major progress on developing a model system for Comprehensive Cyclical System of Resource Usage in Minamisanriku, Miyagi Prefecture.

The AMITA Group's Regional Design Business supports compact and independent regional development that makes the most of neglected regional resources. In 2015, we were able to make major progress in developing business model prototypes, including Minamisanriku BIO, our biogas facility in Minamisanriku, Miyagi Prefecture that began full-scale operations.

Model for developing Minamisanriku

*Based on information provided by Minamisanriku



Oct. AMITA's biogas facility Minamisanriku BIO begins full-scale operation.
*For details, please refer to the next page.



Oct. Start of Minamisanriku BIO triggers separate collection of food waste throughout the Minamisanriku area.



Apr. Liquid fertilizer is sprayed on Minamisanriku farms on a test basis.
*Full-scale spraying is scheduled to commence in April 2016.



Oct. Minamisanriku's forestry cooperative acquired FSC® forest certification. The assessment was conducted by AMITA.



Nov. AMITA conducted the first ASC sustainable aquaculture certification assessment in Japan.
*The farm is expected to receive certification in 2016.





Column

topic 01 | Minamisanriku BIO in Miyagi Prefecture commences operation!

Since spring 2012, the AMITA Group has been working with the local government of Minamisanriku, Miyagi Prefecture to turn the town into a sustainable society that recycles its resources and energy. We are developing the Minamisanriku Model, the prototype of a comprehensive community resource circulation system. Central to the system, which is scheduled for completion in 2018,

is the biogas facility Minamisanriku BIO which commenced commercial operation in October 2015. Making full use of biogas technologies, food waste collected from throughout the town is transformed into electricity and liquid fertilizer, forming the basis of a cyclic society in which waste is recycled into resources.



Minamisanriku BIO

Facility type: biogas facility	Liquid fertilizer production: 4,000-4,500t/year
Site area: 5,495.06m ²	Revenue: 70-80 million yen/year
Building area: 954.24m ²	Payback period: Estimated at 7 years
Processing capacity: 10.5t/day	Operating body: AMITA CORPORATION
Electricity generated: 219,000 kWh/year	

Japan pledges a 26% reduction in CO₂ emissions at COP21. Renewable energy is key to achieving this goal.

At COP21 (The 21st Conference of the Parties to the United Nations Framework Convention on Climate Change) held in Paris from November 2015, Japan announced that it would aim for a 26% reduction in greenhouse gas emissions (compared with 2013 levels) by 2030. Since the most dominant greenhouse gas is CO₂, Japan also set a 40% reduction target for CO₂ household emissions. This would mean cutting back from the current 200 million tons of emissions to 122 million tons; a reduction of roughly 78 million tons.

renewable energy is key to meeting this goal.

AMITA proposes building a Comprehensive Cyclical System of Resource Usage that transforms food waste from the community into renewable energy without the use of incineration. In addition to the offset of CO₂ emissions that would have been released if food waste and sludge were disposed of, the system in Minamisanriku transforms waste into electricity, resulting in total CO₂ emission savings of 630 tons a year.

This calls not only for a reduction in garbage disposal and the development of CO₂ reduction technologies, but changes in both lifestyle and mindset. Harnessing neglected resources to create

While this is only a tiny percentage of the reduction target, if other municipalities were to adopt a similar system, this would go a long way towards enhancing the sustainability of not just one particular region but the entire world.

topic 02 | Surveys and negotiations continue for developing a Comprehensive Cyclical System of Resource Usage in Palau and Vietnam

AMITA has been commissioned by the Ministry of the Environment to work on the government project for FY 2015—Incubation and Overseas Promotion of Waste Management and Recycling Industry. In order to develop a comprehensive resource circulation system model for the island of Cat Ba, Haiphong city, Vietnam and the Republic of Palau, we conducted feasibility studies and consensus building negotiations. In November, we invited the Governor of Koror State in Palau and several other dignitaries to visit Minamisanriku BIO and meet with local government leaders. Since the Republic of Palau is considering building a similar biogas plant, visiting Minamisanriku provided guests with concrete images of what could be achieved as well as the challenges that needed to be overcome in order to realize their goals. We were able to discuss these and other issues with them and provide specific case examples.



The Governor of Koror State and other dignitaries visit Minamisanriku BIO

topic 03 | Growth of local resource cycling businesses based on the Minamisanriku Model

Seminars targeted at representatives from local governments were held in Sendai and Osaka. In addition to introducing the initiatives in Minamisanriku and other areas, we also provided advice on how to go about implementing similar systems in their municipalities. The seminars attracted 30 participants from 18 municipalities, all of whom showed avid interest in the initiatives. Their questions provided us with an insight on the hopes pinned on sustainability from communities faced with a declining population and aging public infrastructure. In addition to the municipalities represented by the seminar participants, a number of other municipalities have asked us to present proposals for public-private partnership projects for harnessing neglected resources.



Seminars organized for representatives from numerous municipalities

*In February 2016, AMITA received a commission from the town of Kamimachi in Miyagi Prefecture to develop a plan for their Biomass Industrial City Initiative.

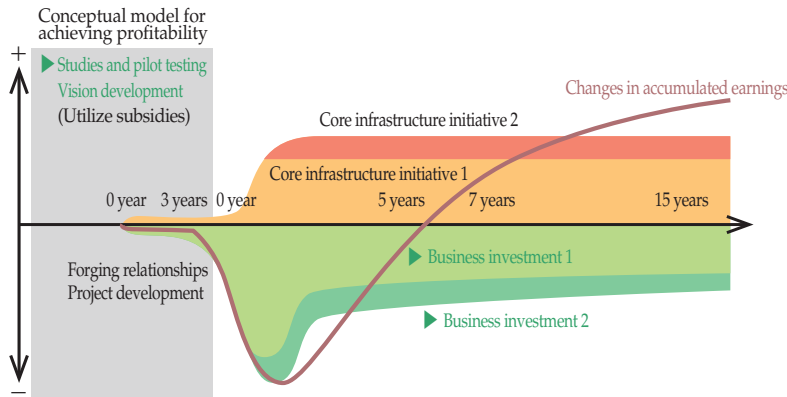


Business Development Plan—Achieving profitability in the Regional Design Business

While promoting the development of a Comprehensive Cyclical System of Resource Usage in Minamisanriku with Minamisanriku BIO at its center, we are also organizing site visits and briefings to attract interest from other regions, both in and outside Japan. This will lead to an annual increase in regional clients, enabling us to turn regional design into a profitable business.

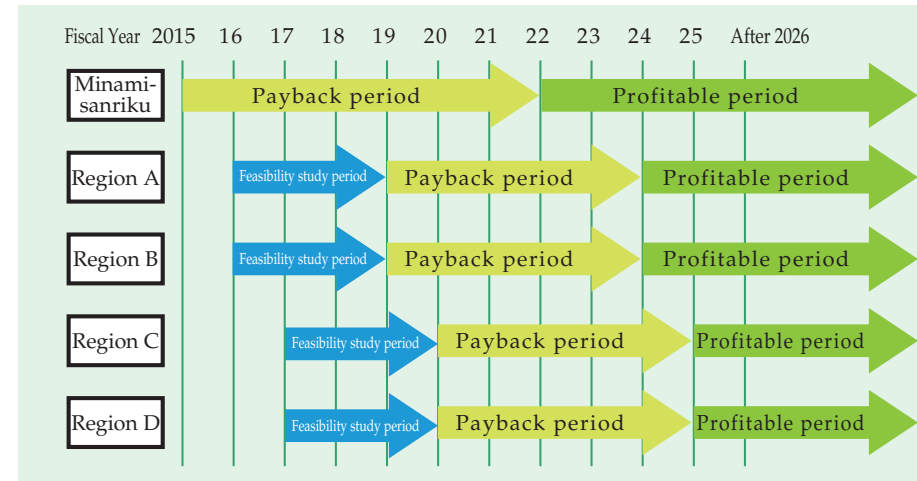
Payback model for biogas plants and other core infrastructure initiatives

After forming a partnership with municipal clients, AMITA develops a local circulation system to harness neglected resources. Mid and long term operations of the core infrastructure is contracted out to AMITA, which is how we achieve profits. Feasibility studies and vision development usually take about three years and are conducted with subsidies from national or local governments. Payback from developing core infrastructures can be expected in 5 or 6 years from the start of the project.



*Since the Minamisanriku Model is a pilot project that is meant to serve as the prototype for product development, the payback period is estimated to be 7 years, which is slightly longer than usual.

Since regional design will form a major pillar of group earnings, AMITA aims to conduct two regional feasibility studies a year, starting in 2016.



Initiatives to enhance profitability

In order to develop, propose and deliver a new and sustainable social system, regional design initiatives will be undertaken in three phases as shown on the right. Based on our track record in Minamisanriku, we aim to increase profitability by considering a shift towards high earnings business such as recycling waste other than food waste.

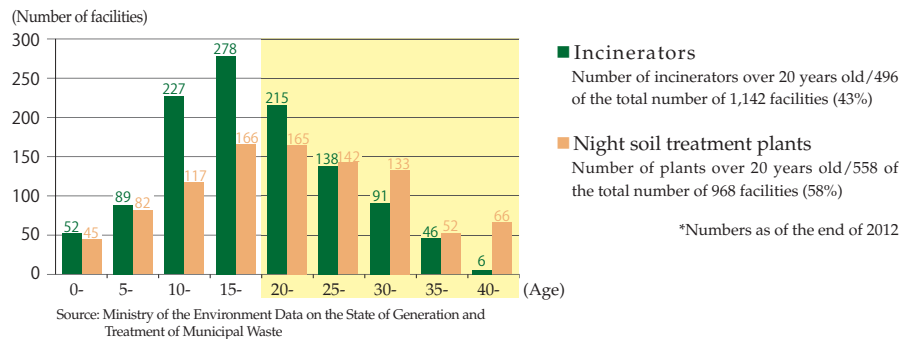
Phase 1	Phase 2	Phase 3
Building core infrastructures business (Developing and operation management of biogas plants and other facilities)	Developing a Comprehensive Cyclical System of Resource Usage (Turning waste other than food waste into resources)	Creating local industries, orchestrating local development (Natural industries such as cultivating medicinal herbs and symbiotic farming)

Social needs: Aging of existing social infrastructure

43% of waste incinerators (496 of 1,142) and 58% of night soil treatment plants (558 of 968) are past their 20 year service life. As the population declines and ages, the rebuilding and renovation of such social infrastructures will pose a serious problem to an increasing number of municipalities. Our regional design business aims to support such municipalities in the creation of sustainable and attractive communities by proposing Comprehensive Cyclical System of Resource Usage centering around biogas facilities that can turn food waste, night soil and other waste products into resources while minimizing initial costs.

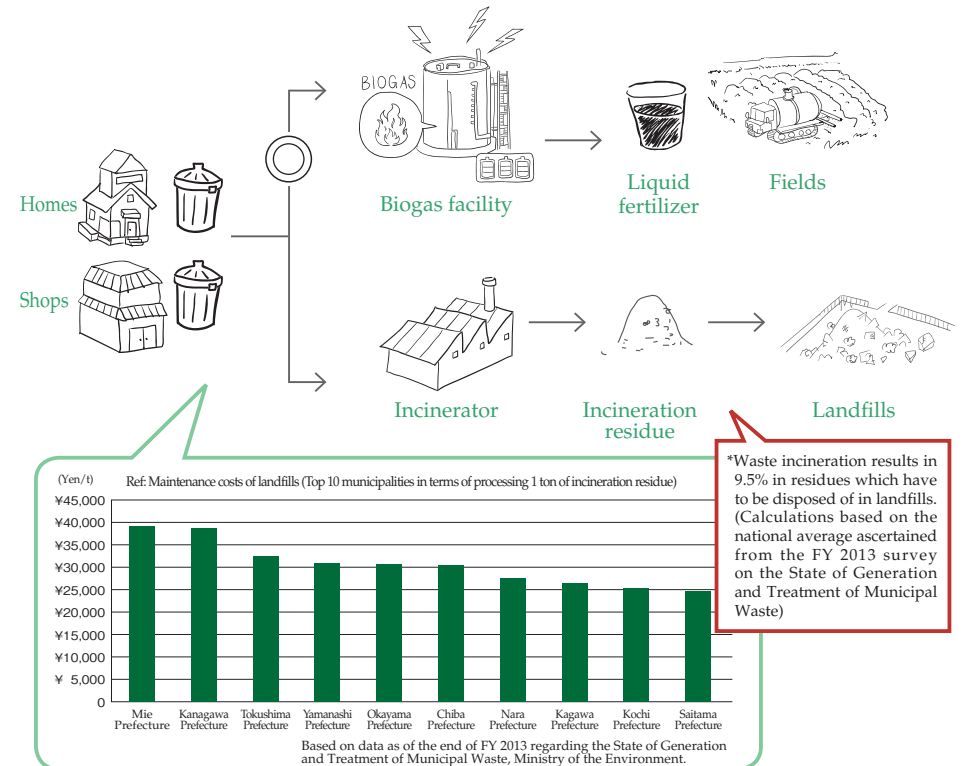
Age distribution of municipal waste incinerators and night soil treatment plants

Waste incinerators and night soil treatment plants generally need to be rebuilt or renovated after 20 years. An increasing number of such facilities in Japan fall under this category. The declining population, however, calls for the development of new social infrastructures.



Example of value propositions: Biogas plants that contribute to the development of a sustainable society

Food waste incineration leaves around 9.5% in residues, which has to be disposed of in landfills. In some municipalities, the cost of processing the incineration residue can be as high as 40,000 yen per ton. Biogas plants can convert all byproducts into resources that can be reused by society. In addition, such plants can be expected to create jobs and add value to local agricultural products, thereby contributing to the creation of a local resource cycling society.





► Progress in FY 2015

Minamisanriku BIO completed in October 2015

Accelerated roll-out to other regions aimed at making regional design more profitable

In 2012, the AMITA Group set up a pilot biogas facility for the purpose of future commercialization that could turn household waste into electricity and unutilized timber offcuts into wood pellets. After four years of feasibility studies and testing, the bio gas plant Minamisanriku BIO began full-scale operation in October 2015, providing us with a source of long-term and stable earnings.

3 core projects	Progress in 2015	Evaluation
Promoting the Minamisanriku Model	<ul style="list-style-type: none"> • Biogas facility Minamisanriku BIO starts full-scale operation. • Promoting the use of liquid fertilizers. • Encouraging residents to separate food waste. • Conducted FSC® Forest certification and ASC aquaculture certification assessments in Minami-sanriku. FSC® certification awarded in October 2015. ASC certification expected sometime in 2016. • Feasibility studies and promotion of wood pellet business.  <p>Spreading liquid fertilizer</p>	◎
Introducing Comprehensive Cyclical System of Resource Usage in other parts of Japan	<ul style="list-style-type: none"> • Seminars on enhancing the sustainability of local communities were held in Sendai and Osaka. Around 30 representatives from 18 municipalities took part. • Invited many observers and visitors to Minami-sanriku BIO and other locations in the area. • 2 feasible studies conducted with the aim of introducing Comprehensive Cyclical System of Resource Usage to the Keihoku district of Kyoto and Kaga City.  <p>Visitors to Minamisanriku BIO</p>	○
Overseas roll out of Comprehensive Cyclical System of Resource Usage	<ul style="list-style-type: none"> • Conducted feasible studies in the Republic of Palau and Cat Ba Island in Vietnam in preparation for implementation. • Invited the Governor of Koror State in Palau to visit Minamisanriku and meet with municipal authorities to observe first-hand the Minami-sanriku BIO so as to get a concrete image of the resource circulation system. 	○

Challenges facing business promotion

- 1 | Improving segregation of food waste collected at Minamisanriku BIO.
- 2 | Securing users of liquid fertilizer produced at Minamisanriku BIO.
- 3 | Effectively ascertaining and approaching municipalities interested in developing sustainable communities.
- 4 | Delay in reaching a mutual agreement with Cat Ba Island, Vietnam due to personnel reshuffles in the local government.



Tactics to mitigate problems

- 1 | Collaborate with the Minamisanriku town office to provide an incentive to separate food waste by promoting and informing residents on the importance of segregating food waste, separation methods and effects.
- 2 | Collaborate with the Minamisanriku town office, JA Minamisanriku, the Miyagi Prefectural Agriculture and Horticulture Research Center, and other organizations to start all-out promotion to farmers.
- 3 | Further efforts to generate information and promote dialog via the internet and opportunities to address people outside the loop.
- 4 | Enhance information-gathering capacity by furthering ongoing communication with competent personnel in the community.



Improve profitability of biogas plant operations and promote the Minamisanriku Model to other regions

In FY 2016, we aim to achieve stable operation of Minamisanriku BIO and study further ways to effectively recycle neglected resources such as food waste and night soil. We also intend to make full use of our expertise from setting up various pilot programs in Minamisanriku, including full-scale operations of Minamisanriku BIO, and the resulting network, to improve profitability by: operating the biogas facility with the optimum number of personnel to enhance efficiency and increase processing capacity.

We will also put together a package on Minamisanriku to expand business in regions plagued by similar concerns both in and outside Japan.

Core projects	Initiatives for 2016
Promote the Minamisanriku Model	<ul style="list-style-type: none"> • Achieve stable operation of Minamisanriku BIO and develop peripheral technologies. (Includes improving waste segregation and use of liquid fertilizers) • Provide support to community efforts to set up a wood pellet business. • Ongoing development of Comprehensive Cyclical System of Resource Usage that rely on technologies other than biogas. (Includes trial testing of a resource recycling station that converts neglected marine products into fertilizer, raw cement materials and other products)
Domestic roll out of Comprehensive Cyclical System of Resource Usage	<ul style="list-style-type: none"> • Implement support measures for the Biomass Industrial City Initiative in Kamicho, Miyagi Prefecture. • Commissioned to carry out feasibility studies and vision design for comprehensive resource circulation systems in two municipalities. • Report on the Minamisanriku Model (Includes organizing related symposiums and local observation tours, and promoting media relations) • Set up website introducing business activities
Roll out Comprehensive Cyclical System of Resource Usage to other regions (overseas)	<ul style="list-style-type: none"> • Ongoing research and studies in Palau and other regions. (Aim for reaching a mutual agreement with AMITA's counterpart in Palau, the Koror State government, regarding project schemes, plans and implementation etc.) • Actively engage with overseas media, embassies and other organs.

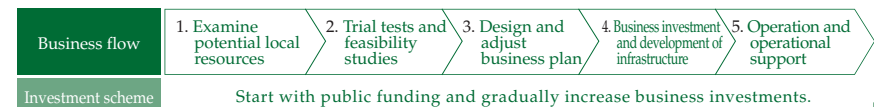
*We eventually hope to single out areas that put out collection buckets containing a large volume of waste other than food waste and provide detailed instructions on segregation so that in the future, the percentage of foreign matter will be as close to zero as possible.

AMITA's advantage in regional design

A wealth of knowhow and expertise throughout each stage, from feasibility studies to commercial operation

Since founding the AMITA Institute for Sustainable Economies Co., Ltd. in 2005, we have supported the development of local businesses that utilize neglected resources from the forests, fields and sea in over 60 areas throughout Japan. In doing so, we have succeeded in developing a wide range of social and recycling technologies. We are able to apply our vast experience in providing total support and collaboration throughout every stage of business development tailor made to the area, from feasibility studies, pilot testing, vision design, and business planning to the construction and operation of facilities.

Contents of Comprehensive Cyclical System of Resource Usage package and business flow



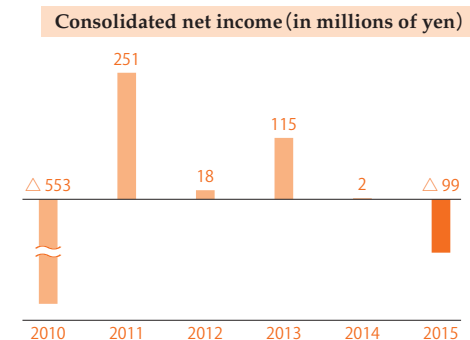
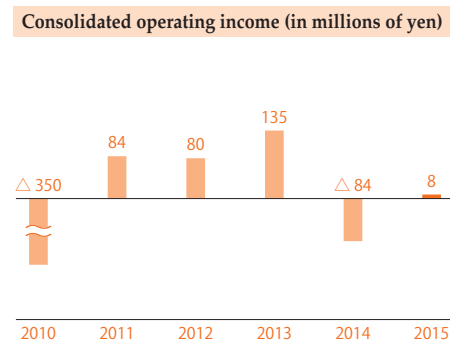
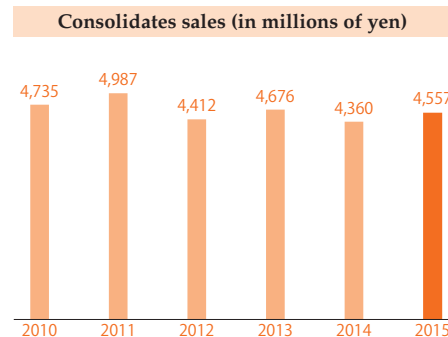
Advantages and features of each flow stage	
1, 2	Boasting an excellent track record in developing natural industry technologies, including the cultivation of medicinal herbs and symbiotic farming, and vast expertise as a certifying body in environmental certification, AMITA can work on every stage in the development of systems that utilize neglected resources.
2, 3	In addition to developing businesses for corporate clients, we have vast experience in collaborating with partner companies, enabling us to propose public-private partnerships requiring community and corporate participation. As proven by our accomplishments in Minamisanriku, we are able to deliver Comprehensive Cyclical System of Resource Usage based on local needs and attributes.
2, 3 4, 5	Drawing on over 30 years experience in operating recycling plants, we are able to formulate business plans and design and operate facilities that take into account profitability, social contribution, efficiency and safety.

Recent performance and financial statements

These are the AMITA Group's financial results for FY 2015 (Jan. 1, 2015 – Dec. 31, 2015)

Recent business results

These are the AMITA Group's consolidated sales, operating income and net income for the past six years.



Financial statements

Comparison of Consolidated Balance Sheets, Consolidate Statement of Income and Consolidate Cash Flow Statements for FY 2015 and FY 2014.

● Consolidated Balance Sheets (in thousands of yen)

Account	Current period Dec. 31, 2015	Previous period Dec. 31, 2014
(Assets)		
Current assets	1,676,424	1,664,661
Fixed assets	2,464,822	2,072,570
Tangible fixed assets: property, plant and equipment	2,219,948	1,836,599
Intangible fixed assets	57,816	67,814
Investments and other assets	187,057	168,155
Total assets	4,141,247	3,737,231
(Liabilities)		
Current liabilities	1,783,043	1,599,993
Fixed liabilities	1,755,050	1,434,194
Total liabilities	3,538,094	3,034,187
(Net assets)		
Equity	604,095	703,157
Common stock	474,920	474,920
Capital surplus	244,683	244,683
Retained earnings	△115,324	△16,262
Treasury stock	△183	△183
Other comprehensive income	△941	△113
Total equity	603,153	703,043
Total liabilities and equity	4,141,247	3,737,231

● Consolidated Statement of Income (in thousands of yen)

Account	Current period Jan. 1, 2015- Dec. 31, 2015	Previous period Jan. 1, 2014- Dec. 31, 2014
Net sales	4,557,791	4,360,599
Cost of sales	3,171,637	3,030,345
Gross profit	1,386,153	1,330,254
Selling, general and administrative expenses	1,377,258	1,414,891
Operating income or operating loss	8,894	△84,636
Non-operating income	19,036	8,384
Non-operating expenses	38,145	25,449
Ordinary losses	△10,214	△101,702
Extraordinary income	34,453	110,605
Extraordinary losses	44,602	17,122
Net income before income taxes and minority interests (losses)	△20,363	△8,219
Income taxes - current	39,243	33,854
Income taxes - deferred	39,456	△44,419
Net income or net losses	△99,062	2,345

● Consolidated statement of cash flows (in thousands of yen)

Account	Current period Jan. 1, 2015- Dec. 31, 2015	Previous period Jan. 1, 2014- Dec. 31, 2014
Net cash provided by (used in) operating activities	49,049	78,197
Net cash provided by (used in) investing activities	△360,600	△75,017
Net cash provided by (used in) financing activities	281,345	△317,396
Effect of exchange rate changes on cash and cash equivalents	5,959	△959
Net increase/decrease in cash and cash equivalents	△24,245	△315,176
Cash and cash equivalents at beginning of period	737,775	1,052,952
Increase in cash and cash equivalents from newly consolidated subsidiaries	1,327	
Cash and cash equivalents at end of period	714,857	737,775

Summary and status of accounts

Business results and financial report

In August, the AMITA Group made significant downward revisions to originally forecasted consolidated results for FY 2015. Thanks to effective manufacturing cost reduction strategies, healthy inventory flows from a number of manufacturing plants and other factors, consolidated results at the end of FY 2015 exceeded August expectations, with net sales of 4,557,791 thousand yen and net losses of 99,062 thousand yen.

Items on the income statement

Net sales

Sales of valuable materials from recycling operation services, the increased processing capacity of the AMITA Kitakyushu Resource Recycling Plant, and the increase in environmental consultancy contracts and other factors resulted in net sales of 4,557,791 thousand yen (up 4.5%/+197,191 thousand yen year-on-year).

Cost of sales, selling, general and administrative expenses

Increase in cost of sales resulted in a 141,292 thousand yen increase in net sales from the previous period. Selling, general and administrative expenses were 1,377,258 thousand yen, an approximately 3% reduction from 1,414,891 thousand yen recorded in the previous consolidated accounting period. We will continue to make ongoing efforts to reduce selling, general and administrative expenses.

Ordinary income/net income/profit sharing

Foreign exchange losses from Taiwan related investments resulted in ordinary losses of 10,214 thousand yen (+91,488 thousand yen year-on-year). Reductions in compensation received from TEPCO in relation to damages from the Fukushima Daiichi nuclear plant accident; the recording of Gamagori Recycle SC's impairment loss; and a reversal of deferred tax assets resulting from a decline in losses carried over from the previous term, resulted in net losses of 99,062 thousand yen (loss of 101,408 thousand yen year-on-year).

Balance sheet items

Assets

Increases in notes and accounts receivable, development of Minamisanriku BIO facilities, and construction of the AMITA Taiwan Resource Recycling Plant etc., led to a 404,016 thousand yen increase from the previous consolidated accounting period, resulting in 4,141,247 thousand yen.

Liabilities and net assets

Increases in: notes and accounts payable; the portion of long-term debts due within the year; and accounts payable on construction of the Minamisanriku BIO facility led to an increase of 503,906 thousand yen in liabilities from the previous consolidated accounting period, resulting in liabilities of 3,538,094 thousand yen.

Net assets amounted to 603,153 thousand yen, 99,889 thousand yen less than the previous consolidated accounting period as a result of accounting net losses.

Cash flow status

Despite increases in accounts receivables, receipt of compensation for damages resulted in an increase in net cash from operating activities. However, spending on the acquisition of tangible fixed assets resulted in a decline in net cash from investment activities. Together, this led to a 22,918 thousand yen decline in cash flow from the previous consolidated accounting period, resulting in cash flows of 714,857 thousand yen.

Net cash provided by (used in) operating activities

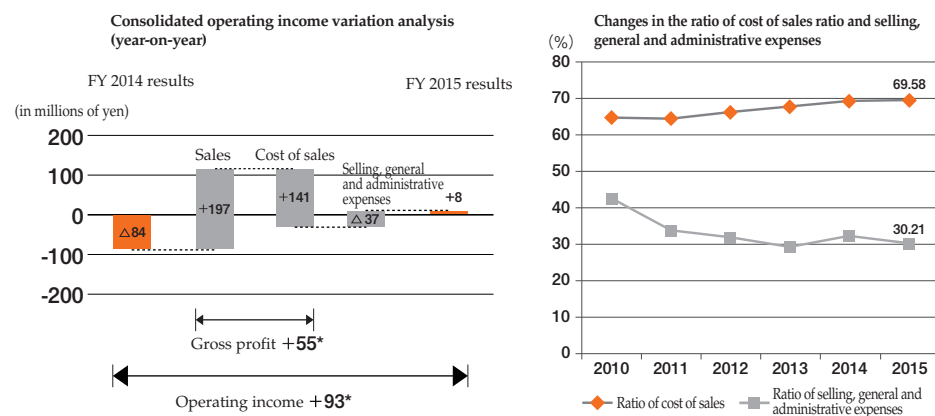
Increases in accounts payable and receipt of compensation for damages etc., resulted in a 49,049 thousand yen increase in net cash from operating activities.

Net cash provided by (used in) investment activities

Investment activities and spending on the acquisition of tangible fixed assets and investment securities resulted in a decline of 360,600 thousand yen in assets.

Net cash provided by (used in) finance activities

Despite expenditures due to repayment of long-term debt, proceeds from long-term debt led to a 281,345 thousand yen increase in assets from finance activities.



Plans for FY 2016

(in millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Plans for 2016	4,868	70	41	19
2015 business results	4,557	8	△ 10	△ 99

Major initiatives for FY 2016

FY 2016 is the focal year of our business restructuring. We will work on enhancing functional structure, corporate value and values propositions by focusing on the following initiatives.

1. Strengthening organizational foundation

We will carry out a management reshuffle at two AMITA HOLDINGS subsidiaries with the aim of introducing a more comprehensive approach to sales operations and strengthen development of innovative new business. We believe in the importance of nurturing next-generation and younger managers to further corporate growth.

*Please refer to pages 44 and 45 for details on governance.

2. Regrouping of services offering environmental strategies

2016 sees the start of our *The Sustainable Stage program*, a new service that supports client companies from environmental strategy planning through operation. With regards to supporting 100% recycling, we will continue to strive for the production and delivery of valuable resources without having to deal with cost competition by cultivating new users of resource circulation systems and developing methods to procure necessary raw materials.

*Please refer to pages 19-23 for details on *The Sustainable Stage*.

3. Further development of overseas business activities

Our key focus will be to ensure the start and stable operations of the AMITA Taiwan Resource Recycling Plant. We will also make steady inroads into setting up the Malaysia Resource Recycling Plant (provisional naming).

*Please refer to pages 14 and 15 for details on overseas business development.

4. Establishing and developing the Regional Design Business

Last year, we succeeded in opening the biogas facility Minamisanriku BIO. This year, we aim to stabilize its operations as well as apply our knowledge and experience from this project towards offering small-scale biogas facility recycling packages as part of our efforts towards rolling out Comprehensive Cyclical System of Resource Usage both in and outside of Japan.

*For details on Minamisanriku BIO, please refer to page 25. More on resource circulation systems on page 24.

Three-year plan (2016-2018)

(in millions of yen)

	Plan for period ending in December 2016	Plan for period ending in December 2017	Plan for period ending in December 2018
Net sales	4,868	5,078	5,318
Operating income	70	144	231
Ordinary income	41	137	248

Three-year Plan

Forecasts for our new three-year plan starting in 2016 see net sales of 4,868 million yen (2016), 5,078 million yen (2017) and 5,318 million yen (2018) and a net income of 19 million yen (2016), 55 million yen (2017) and 143 million yen (2018).

With regards to our existing core initiative of providing 100% recycling services, since domestic waste emissions have hit a ceiling, we cannot expect major growth in this market. However, the start of our new *The Sustainable Stage* service for corporate clients; the development of overseas business activities such as the opening of the AMITA Taiwan Resource Recycling Plant in March 2016; the development of new products for the non-ferrous and ferrous industries; stable operations of Minamisanriku BIO and the rollout of Regional Design businesses to other communities based on the knowhow gained from this project, will enable us to achieve steady growth in sales. We are confident that the Taiwan plant will play a major role in boosting profitability and expect earnings of 215 million yen (2016), 375 million yen (2017) and 549 million yen (2018). With regards to domestic recycling services, we will ensure profitability by implementing various cost reduction measures, including reducing production costs.

Dividends

While striving to achieve financial soundness, strengthen our management base and retain necessary internal reserves for future development, we also recognize the importance of continually returning appropriate profits to our shareholders. Our basic policy for dividends is therefore to distribute around 30% of consolidated net income at the end of the fiscal year. Unfortunately, due to sluggish earnings, we have not been able to pay dividends for the past several years. Since business recovery and financial soundness is our main priority, we regret having to make the difficult decision to suspend dividends in FY 2016 as well.

Recent dividends and forecast for FY 2016

(in yen)

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 (forecast)
0	0	0	10.00	0	0	0

AMITA Group's sustainable growth

In order to achieve our goal of realizing a sustainable society, the AMITA Group itself must be able to achieve sustainable growth.

The AMITA Group is proud of its talented and committed employees and cutting edge technologies and appreciates the support of its shareholders, clients and affiliated parties. What's more, we are blessed with clients who appreciate our services and goals and are willing to commit to our business activities. We believe that nurturing our relationship with each and every one of these stakeholders is key to achieving sustainable growth.

The overseas expansion of domestic companies, the shrinking domestic recycling market, and the declining population are all factors in sluggish domestic consumption.

The AMITA Group is aiming to strengthen its partnership with corporate clients and deliver added value to its existing recycling services. By providing corporate clients with environmental strategy support services that include the designing and implementation of environmental strategies, we hope to support the environmentally sound and sustainable growth of our corporate clients. We believe this will lead to the development of new and potential markets, which in turn will enable us to achieve sustainable growth in earnings.

We believe there is a strong demand in overseas markets, including Southeast Asia, for the AMITA Group's diverse recycling technologies and consulting skills. This year's opening of the Taiwan plant marks our first major step into developing an overseas presence. We aim to make the most of this experience in making steady inroads into diversifying and expanding our activities overseas.

In order to realize these projects and achieve sustainable growth while delivering social values, we need to consider optimum funding measures commensurate to

investment risks and returns over time and be flexible in implementing such measures. We must be especially careful of financial stability, and balance investment and business plans to enhance profit management. Looking ahead, once we establish a stable business base, we aim to increase our net worth and reduce interest-bearing debt so that we can achieve a capital-to-asset ratio of over 40% and manage without bank borrowing.

The AMITA Group vows to live up to stakeholder expectations and trust and continue its pursuit towards realizing a sustainable society. Your commitment and support in achieving this mutual goal is the driving force of AMITA Group's sustainable growth.



Taro Shimizu, Director (CFO)

Risk management Enhancing corporate sustainability

Risk overview

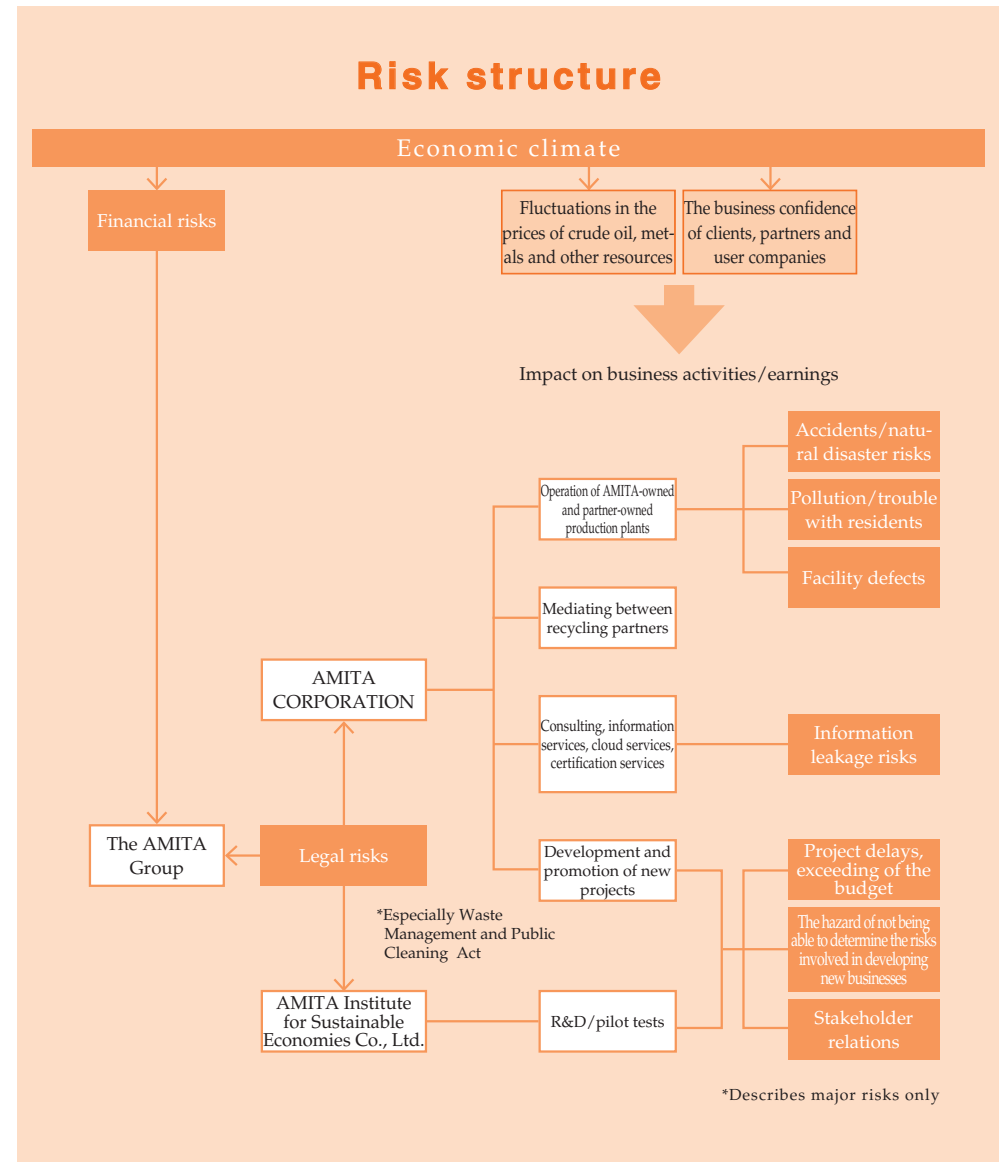
Identifying potential risks and developing appropriate measures is key to minimizing and reducing damages in emergency situations.

The AMITA Group prioritizes possible risks based on the potential impact on company trust, business target and stakeholder relationships etc., and risk probability. It also develops preventive and mitigation measures for each risk.

*Please refer to page 36 for main risks and mitigation measures.

[AMITA's business and risks]

The AMITA Group's diverse operations range from supporting our corporate client's sustainable strategies to developing comprehensive resource circulation systems for local communities. From the perspective of risk potential, the risks likely to have a serious impact on our business activities fall into two major categories: the handling of terrestrial resources (waste and recycling resources) and the handling of client information.



Challenges and measures in developing new businesses

Causes and measures taken to deal with the delay in the AMITA Taiwan Resource Recycling Plant project

Because of the delay in starting up the AMITA Taiwan Resource Recycling Plant, the Group failed to meet its overall plans for FY 2015. We would like to take this opportunity to explain the circumstances behind the delay and the remedial measures we have developed for future project management.

Circumstances of delay in starting up the AMITA Taiwan Resource Recycling Plant

- **July 2012: Memorandum of Understanding signed with Tainan City**
 - ▶ Revision of plant site undertaken because of concern that it would take time to receive district entry and construction permits.
- **Aug. 2014: Announcement of plans to construct a recycling plant in Changhua County**
- **Feb. 2015: Announcement of change in start of operations**
 - ▶ Due to a delay in administrative procedures, the start of operations originally scheduled for July 2015 was postponed to October.

Response measures to the initial delay

Referred to the success factors of the Minamisanriku BIO project.

- Project members held weekly meetings to discuss budgets, scheduling, the distribution of human resources and to develop contingency plans.
- Engaged actively with local residents and other stakeholders to develop positive relations and secure their support for the project.
- Applied advice and expertise of notary publics and other experts outside the company in various stages of the project. Others

- **May 2015: Start of construction (completed)**
- **Aug. 2015: Announcement of change in start of operations**
 - ▶ Due to a delay in administrative procedures, the start of operations revised to Oct. 2015 was again postponed to Mar. 2016.

Response measures to the second delay

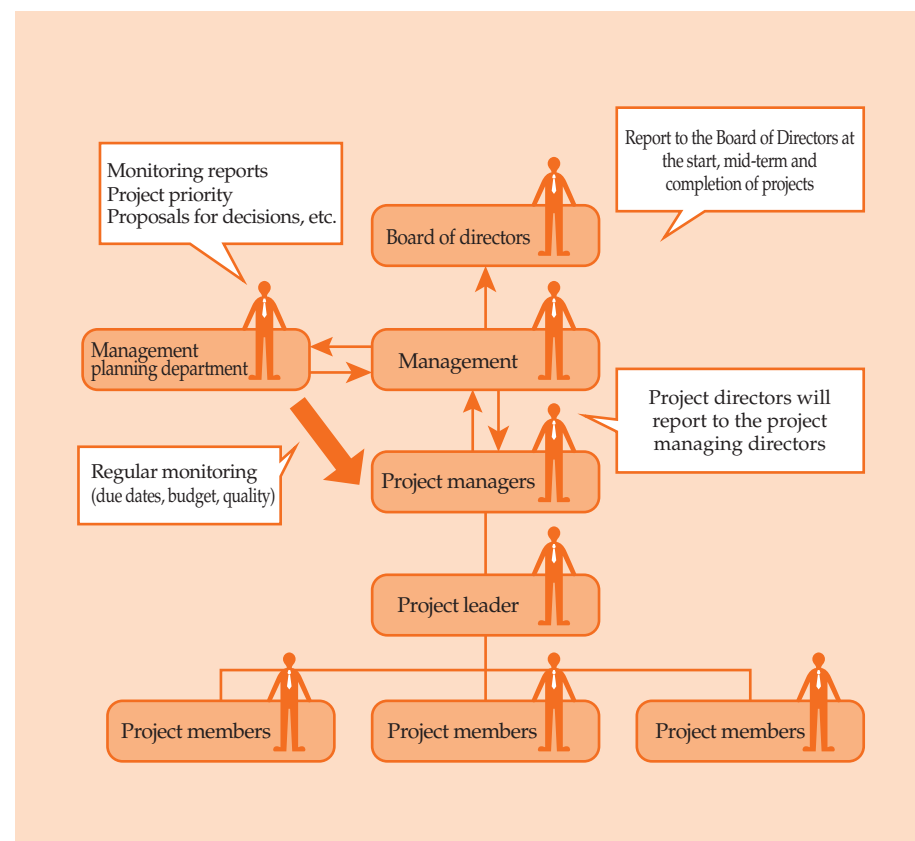
Regarded as an important issue for the entire organization with AMITA HOLDINGS taking the helm in handling the response.

- Dispatched manager in charge of overseas businesses to Taiwan to negotiate with local parties.
- AMITA HOLDINGS management planning preparatory office worked with the legal department to ascertain the risks regarding the remaining construction and revised ways to manage scheduling. Efforts were made to step up communication between Japan and Taiwan, especially with regard to streamlining administrative procedures that were a major cause of the delay. By doing so, we were able to avoid bringing progress to a halt.

- **Dec. 2015: Plant completed**
- **Mar. 2016: Plant operation begins**

Measures to streamline implementation of future major projects

Management planning team set up in 2016 (former 2015 management planning preparatory office). The management planning team will regularly monitor due dates, budgets and quality of major group projects managed by project managers and directors. Viewing the project from various perspectives will enable prompt response to unforeseen circumstances and allow projects to be managed in line with corporate strategies.



Major risks and mitigation measures

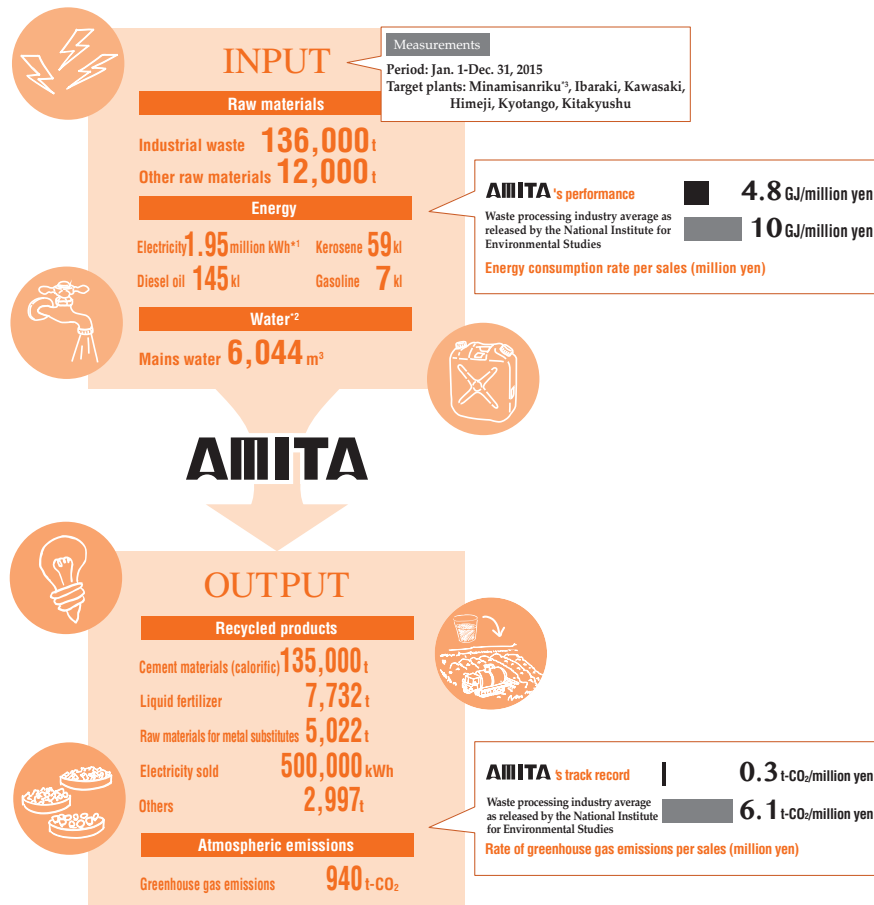
In 2015, the development of new businesses such as the overseas development of recycling plants and the operation of the Minamisanriku biogas facility called for investigations into new potential risks and deliberation of mitigation measures.

Category	Type of risk	Changes in risk level (2015)	Mitigation measures
Business operations	Project delays, exceeding budget	↑ ↑	All-out organizational response to the delay in opening the AMITA Taiwan Resource Recycling Plant led to the strengthening of project management. (Please refer to page 35 for details)
	Information leakage Lawsuits and the risk of losing trust from the leakage of private information and confidential corporate client information	↑	Since 2014, the development of services such as <i>Best Way to Manage Waste</i> that involve handling client information, and the company policy of supplying employees with smartphones, tablets and other intelligent devices, has made information management an important priority. In addition to enforcing internal regulations and organizing IT training sessions, data operations are now restricted to physically secured areas. Additional security measures include regular upgrades of website software.
	Violations and revoking of permits Risk of AMITA CORPORATION's intermediate processing business permit being revoked or operations shutdown due to violations of Waste Management and Public Cleaning Act and other relevant laws and regulations. Also, risk of violations committed by companies for which we provided mediation or introductions. Risk of other violations committed by the overall group or individual businesses.	→	<ul style="list-style-type: none"> • Before signing contracts or opening new accounts, we carry out strict screening to avoid any involvement with antisocial elements. • Randomly held focus group meetings on waste disposal acts. (6 meetings in 2015) • We have compiled a database on recycling partners with whom we have contracts. We refer to this in carrying out regular site audits and retrieving audit reports to make sure we are up to date on our partners' circumstances. • Measures include requiring all employees to be tested annually for compliance.
	Accidents/natural disasters Shutdown due to fire outbreaks at production facilities.	→	<ul style="list-style-type: none"> • Development and regular reviewing of a disaster manual that provides guidelines on what to do in case of major accidents. Based on this manual, emergency drills are carried out twice a year at all production facilities to prepare for earthquakes, fires, leakages, temperature-programmed reaction and inflammable gas emissions, etc. • We have taken out fire insurance to ensure total compensation for damages. • Provide alternative supply routes dependent upon our nationwide network of facilities and the amicable relationship we have with partner companies.
Community relations	Contamination of surrounding environment	→	<ul style="list-style-type: none"> • Five production bases have received and are in compliance with Environmental Management System ISO14001 certification. With regard to procedures that may cause serious impact on the environment, we have clear measurement requirements and conduct regular monitoring. • We have taken out environmental liability insurance, etc., to secure pollution cleanup costs.
	Understanding and cooperation towards business activities from local residents	↑	<ul style="list-style-type: none"> • An annual total of 1,330 local residents and company representatives were invited on plant tours to promote understanding towards our activities. Minamisanriku BIO organized resident meetings with the help of local authorities to promote awareness and support towards separating food waste from other household waste. (AMITA took part in 30 of the 64 resident meetings held since 2014.)
Financial risks	Impact of exchange rate fluctuations Risk of yen/dollar exchange rate and assets denominated in foreign currency	→	<ul style="list-style-type: none"> • In addition to US dollar denominated transactions carried out with Taiwanese, Korean and other overseas companies, we expect an increase in local currency denominated transactions as we further our overseas presence. To minimize risks resulting from changes in the exchange rate, we have established derivative risk management policies and risk aversion measures.
	Dependency on Loans/increase in interest expenses due to Interest rate fluctuations	↑	<ul style="list-style-type: none"> • Loans account for 45.6% of total assets (as of the end of Dec. 2015). In addition to lowering our dependency on loans by increased earnings, our policy is to rely mainly on fixed interest rate loans to minimize the risk of interest rate fluctuations on long-term loans.

Material balance

Energy input 1/2, greenhouse gas emissions 1/20

Recycling methods that require large inputs of energy will not help realize a sustainable society. AMITA's recycling technologies do not involve the use of incinerators or landfills. By avoiding the use of fire and water as much as possible, our technologies boast low environmental impact. Our CO₂ emissions are 1/20 of the industry average. We aim to develop recycling technologies with even lower environmental impact.

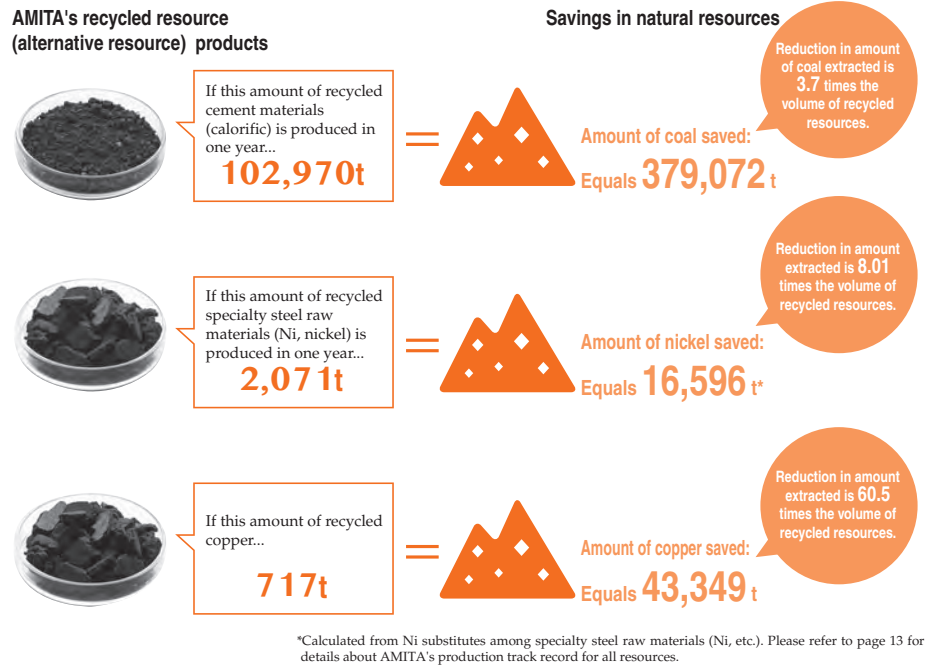


^{*1} Includes biomass generated electricity from Kyotango Resource Recycling Plant and Minamisanriku BIO.
^{*2} Excludes rainwater used at Kyotango Resource Recycling Plant and mains water used at Kawasaki Resource Recycling Plant. Mains water generally refers to the water used at offices adjacent to the plant.
^{*3} Minamisanriku BIO began operations in Oct. 2015.
^{*} Zero waste water from production process. Excludes water used at offices adjacent to the plant.

Reducing usage of natural resources

Saving vastly increased amounts of natural resources through recycling

While the mining of natural resources benefit the resource-producing countries and regions in the form of employment creation and economic development, excessive mining and haphazard development may result in the removal of topsoil and rock, forest destruction and water contamination that can have a serious impact on the surrounding environment and people. Through the manufacturing of recycled products, AMITA is indirectly helping to reduce the use of natural resources.



Reducing CO₂ emissions by using renewable energy

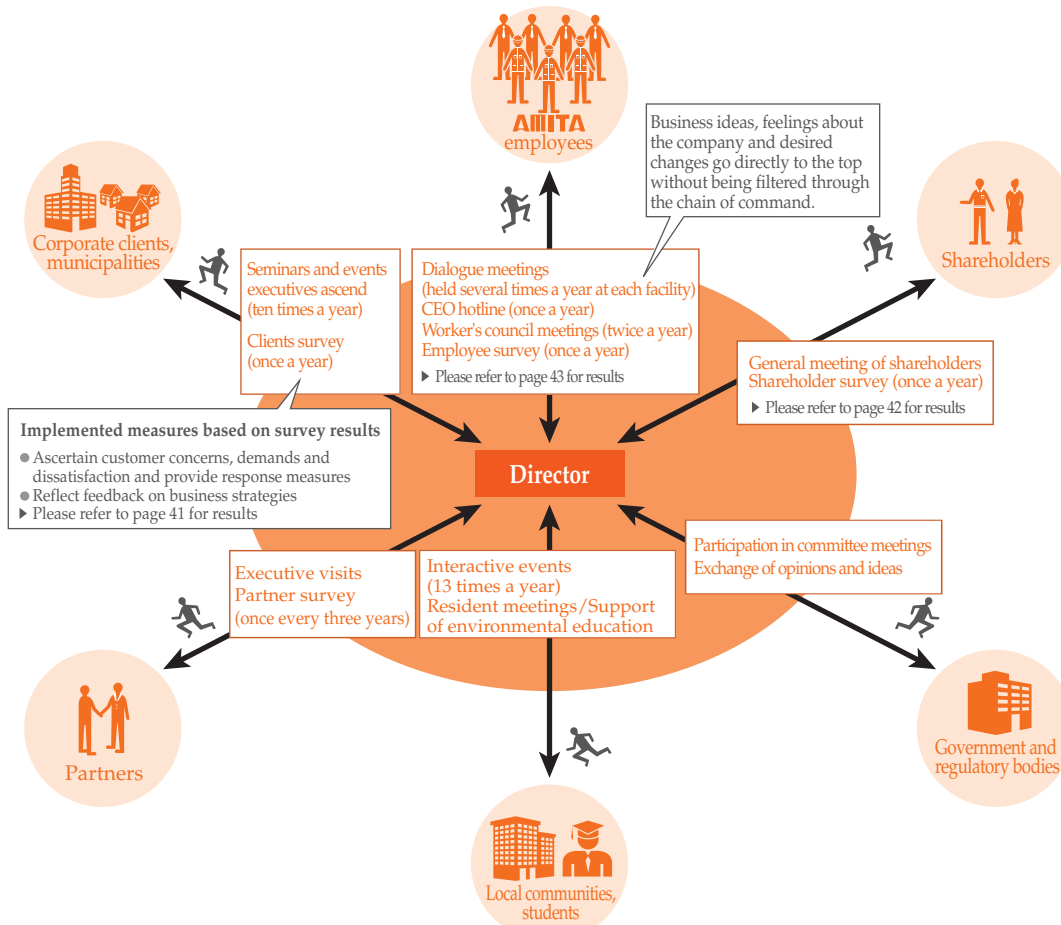
AMITA promotes the use of natural energy at all its plants. For instance, the Kyotango Resource Recycling Plant and Minamisanriku BIO use internally generated biogas electricity; the Kitakyushu Resource Recycling Plant uses solar energy produced by rooftop solar panels; and the Ibaraki Resource Recycling Plant purchases renewable energy.



Fostering stakeholder relations to develop businesses

Generating stakeholder trust and empathy is crucial to the realization of a sustainable society. The AMITA Group is committed to providing stakeholder engagement in order to convey its beliefs, visions and strategies and encourage an exchange of opinions. Feedback on stakeholder needs and expectations are reflected in our business development.

Framework for routing stakeholder feedback directly to management



Major needs/expectations from stakeholders and response measures

Customers	<p>Needs/expectations</p> <ul style="list-style-type: none"> ● Realization of environmental strategies in line with company vision and strategies ● Achieve safe, stable and inexpensive recycling ● Improve cost performance and provide quicker service ● Development and proposal of new environmental services <p>Response</p> <ul style="list-style-type: none"> → Develop system to integrate manufacturing and sales services → Restructure organization to better respond to customer needs → Development of new service that supports client companies from environmental strategy planning through operation
Shareholders/ investors	<p>Needs/expectations</p> <ul style="list-style-type: none"> ● Reliability of three-year -plan ● Achieve financial soundness ● Strengthen PR activities and release more information to raise awareness and recognition of the company and its businesses <p>Actions</p> <ul style="list-style-type: none"> → Strengthen management planning functions → Review and revise next year's budget planning flow → Improve website's IR (Information Retrieval) page
Employees	<p>Needs/expectations</p> <ul style="list-style-type: none"> ● Clarify standards and guidelines for business investments ● Appropriate sharing of corporate earnings ● Participation in business strategy design <p>Actions</p> <ul style="list-style-type: none"> → Review and revise next year's budget planning flow → Explain business strategy policy to employees and provide opportunities for discussion

Participation in the UN Global Compact and our activities

The UN Global Compact (UNGC) is a United Nations initiative established in 2000 after a 1999 proposal by then UN Secretary-General Kofi Annan. In June 2002, finding ourselves in total agreement with the 10 UNGC principles on human rights, labor, environment and anti-corruption, the AMITA Group became the fourth Japanese organization to join the initiative. We also put our efforts into establishing a Japanese local network GC-JN with other initial signees from Japan (Dec. 2003).

As a GC member, the AMITA Group is moving ahead with its commitment to align its business operations with UNGC principles and provides stakeholders with information on its actions via Communication on Progress (COPs) reports submitted to UNGC headquarters.



Please refer to the UN website for details on the UN Global Compact.
<http://www.unglobalcompact.org/>

COPs(Communication on Progress)

The Ten Principles of the UN Global Compact		Details and aims of actions in FY 2015	Assessment	FY 2015 Performance	Related pages
Human rights	1. Support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> Maintaining employee health Covered partial costs of follow-up health checks and strengthened efforts to support employees in need of further diagnosis. 	◎	Covered full cost (100%) of four such applications received.	-
		<ul style="list-style-type: none"> Promote local employment measures and hire local nationals. Promoted employment practices that comply with local customs. 	◎	<ul style="list-style-type: none"> Six of the employees at our biogas facility Minamisanriku BIO were hired locally. Two local nationals were hired at the AMITA Taiwan Resource Recycling Plant. 	-
		<ul style="list-style-type: none"> Help to preserve the human dignity of disaster victims. Aided and supported disaster stricken areas. 	◎	<ul style="list-style-type: none"> Proposed energy self-sufficiency at the disaster prevent awareness event <i>Fukushiga Project vol. 2 Sonaeru marushe</i> (Disaster preparedness fair). Co-sponsored <i>Private University Network 36</i>, a networking study tour of the Tohoku region to promote reconstruction. 	-
Labor	2. Make sure not to be complicit in human rights abuses	<ul style="list-style-type: none"> Support activities to tackle human rights issues and other social problems. 	◎	<ul style="list-style-type: none"> Gave backing to <i>Kurashi no Manabi-an</i>, an initiative to develop mutual aid and self-help projects to prevent social isolation. Cooperated in the planning of <i>Social Cinema Dialogue@Kantele</i> (Organized by Kansai Telecasting). 	-
	3. Upheld the freedom of association and the effective recognition of the right to collective bargaining.	<ul style="list-style-type: none"> Labor negotiations 1. Provide employees and management with opportunities to discuss the working environment together. 2. Create an environment that enables employees to propose suggestions for improving the work environment. 	◎	<ol style="list-style-type: none"> Organized company meetings where management and employees were able to discuss improvements to the work environment. Created an internal SNS network where everyone could post their opinions to provide a forum for developing a better working environment and create a positive corporate culture. 	P40
	4. Support the elimination all forms of forced and compulsory labor	<ul style="list-style-type: none"> Improve work environment (develop an environment that enables employees to continue working) 1. Improved AMITIME System to support employees who needed to take leave or work shorter hours in order to care for children or sick or elderly relatives. 2. Develop a variety of work styles. 3. Study the possibility of rehiring former employees after retirement. 	○	<ol style="list-style-type: none"> Decided to ease requirements for using the AMITIME System. (Revisions effective from April 2016) Studied the possibility of introducing a shorter-hour work system and allowed one employee to make use of the system on a trial basis. (Full-scale implementation to begin in 2016) Reviewed personnel management systems in preparation for rehiring retired employees. (Effective from 2016) 	P40
	5. Support the effective abolition of child labor 6. Support the elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none"> Prohibit and prevent discriminatory practices with regards to the work environment of employees at overseas plants. Maintain the same level of work environment as in Japan. 	○	In order to maintain the same work environment level as in Japan, employees scheduled to work at overseas plants underwent on-the-job training in Japan. (In Jan. 2016)	-
Environment	7. Support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> Revitalize communities with environmental technologies Develop local resource circulation models based on symbiosis and biomass technologies. 	○	<ul style="list-style-type: none"> The Kyoto Kyotango biogas business achieved target performance values. Start of biogas facility Minamisanriku BIO in Minamisanriku, Miyagi Prefecture. Supported the promotion and introduction of symbiotic farming in Kaga City, Ishikawa Prefecture to enhance biodiversity. Feasibility surveys and pilot tests conducted in Japan (Kyoto) and overseas (Vietnam, the Republic of Palau, etc.). 	Pages 24-29
	8. Undertake initiatives to promote greater environmental responsibility		◎	Developed new products with the aim of becoming a business partner for companies that need to achieve sustainability despite increasing environmental constraints. (Full-scale provisions from 2016)	
	9. Encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none"> Technology development Develop and manufacture new recycled products (terrestrial resources). Technology diffusion 1. Develop recycling market by providing recycling technologies and support to factories of partner companies 2. Promote and enhance quality of waste management outsourcing services. 3. Develop recycling markets outside Japan. 	△	Implement pilot testing of new recycled products. Considering patent application for new technologies developed for this purpose.	Pages 10-23
Anti-corruption	10. Work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> Preventive measures 1. Continue to conduct investigations and screening to prevent transactions, etc., with anti-social elements. 2. Conduct compliance testing to raise awareness of compliance issues among employees. 3. Make preparations for overseas business development. 	○	<ol style="list-style-type: none"> Expand domestic recycling network. Establish AMITA Terrestrial Resources Manufacturing Partners. Started operations of Fuji Transport Corp. Ltd.'s resource recycling plant in Niigata Prefecture and opened AMITA Corporation Niigata office. Signed 14 contracts for waste management business outsourcing and other services. Expanded sales of Digital Waste Management System, a service that improves waste management business efficiency and ensures compliance to legal regulations. Delay in opening the AMITA Taiwan Resource Recycling Plant. (Start of operations expected in the first quarter of FY 2016) Further progress on developing recycling business in Malaysia. Accepted 86 trainees and visitors from Southeast Asia and provided training. 	Pages 10-23
			◎	<ol style="list-style-type: none"> Continuing FY 2014 practice of thoroughly investigating clients. In addition to compliance testing, sexual harassment awareness checks were conducted in FY 2015. In order to avoid compliance violations, we contracted local law agencies well versed in the overseas regions in which we operate to serve as consultants. Overseas risk management training was provided to relevant employees. 	P36

Defining AMITA's structure

The AMITA Group hopes to create a working environment that allows employees to feel that they are part of a "work family" that compliments their blood relations and community life. We envisage a community of motivated people who are able to inspire each other and work together as colleagues towards a common goal. We believe this leads to the creation of new values and provides them with a sense of accomplishment and purpose that cannot be achieved on an individual basis.

Initiatives to create value

To support the development of "value-creating human resources," the Human Resources Department organizes various educational programs for employees. We also encourage and support employees who take the initiative to pursue other sources of education and training.

Educational programs

Group training for employees of the same grade

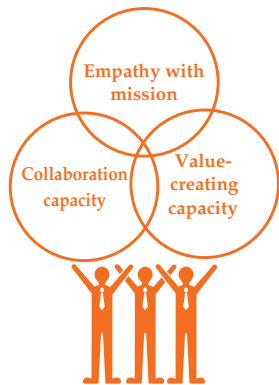
Organized to develop individual capacity and performance and enhance communication.

Executive training

Held every month to enhance leadership qualities and management skills.

Reading assignment system

Books are assigned for each grade to acquire necessary knowledge and deepen perspective.



Qualities of value-creating human resources

- Strong empathy with mission
- Willingness to work and collaborate with colleagues
- High value-creating capacity

Employee organized initiatives

Study groups

Organized by employees to further their knowledge on various topics. Employees who are well versed on the chosen topic serve as lecturers. Lecturers are also invited from outside the company. Held ten times a year.

Topic examples: Excessive exploitation of mining resources in the Philippines
Global water problems
Fundamental CSR, Product focus groups

AMITA "Waigaya" Brainstorming Sessions

Employees get together to hold brainstorming sessions on subjects of interest. Held 20 times a year to bring about a richer social climate and deepen knowledge.

Book club

Employees get together to discuss a book that has been recommended by a club member. Held to further insight and develop perspective, the club meets nine times a year.

Emergence Project organized for the first time in six years

TOPIC

This is a project launched in 2007 to identify and address ideas from the perspective of employees. Employees are invited to submit ideas for new businesses. If the proposal is recognized, a preparation committee moves to develop and realize the business. The Emergence Project was organized in 2015 for the first time in six years, resulting in 52 proposals. Four were approved and are in the process of being developed.

The AMITA Group encourages employees to take initiative and create value regardless of division or grade. The Emergence Project is one example of this creative working environment.



2015 Emergence Project presentation

The AMITA Group's Employment conditions, Welfare and Benefits

The numbers cover Jan. 1 to Dec. 31 of each year. (The number of days taken off, childcare leave and leave taken to care for relatives cover Jan. 11 to Jan. 10 the following year)

Categories	Initiatives/Performance	FY 2013	FY 2014	FY 2015		
Employment conditions	Number of employees (full time)	149	143	147		
	Male to female ratio	Male	76%	75%	71%	
		Female	24%	25%	29%	
	Proportion of management positions occupied by female staff	3%	8%	5%		
	Average age	39.05 years	38.18 years	39.90 years		
	Average period of employment	8.42 years	7.81 years	8.95 years		
	Employee turnover rate	12%	13%	6%		
Welfare and benefits system	Employment of people with disabilities	2%	2%	2%		
	Number of days taken off per employees*	Caring-for-sick children leave	11.3 days	13.14 days	12.24 days	
		Childcare leave	Days acquired	-	5 days	9 days
			Short time working hours	4 days	5 days	5 days
	Childcare leave	Days acquired	2	5	3	
		Number of employees taking care leave	-	1	1	
	Use of AMITIME System	1	4	5		

* Total amount of annual paid leave, special incentive leave, community engagement leave and anniversary leave.

AMITIME System "Let your colleagues take advantage of leave otherwise lost"

A reflection of AMITA's philosophy that "nothing in this world should go to waste," this system was introduced in 2010 to allow employees to work with peace of mind.

Instead of letting unused paid leave expire, the unused leave is stored up so that other employees who need to take care of their children or relatives can make use of this otherwise wasted paid leave to take off or work shorter hours. The system is overseen by employees and is continuously being revised. Application requirements, for instance, have been eased.

User feedback

Work division:
Environmental strategic support team
Name: Hiromi Takahashi
Number of years employed: 12 years



I've taken advantage of the Shorter-Work Hours and AMITIME System to spend more time with my three children. The use of these two systems has allowed me to witness their day-to-day growth and respond to their needs. Since I don't have to rush to work, I can cater to my children's demands and take a leisurely stroll to day care. I think it's very important to provide hands-on care for one's children. My colleagues recognize the value of spending quality time with the family and are so supportive that I feel motivated to give the best I can to my work as well as my family.

▶ Stakeholder Survey

Client survey results

Survey outline | Survey group: clients
 Respondents: 304 clients of recycling services (out of 915 who received the survey), 104 clients of environmental certification services (out of 300 who received the survey) | Survey period: October 9 – November 30, 2015
 Survey method: E-mail and postal mail

01 | Opinions on AMITA's services

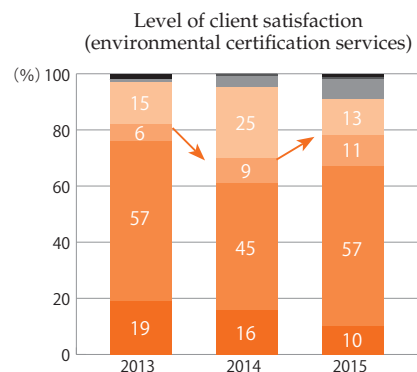
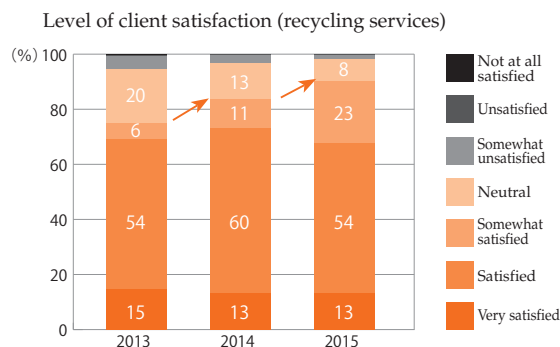
Recycling services

The percentage of respondents who were "somewhat satisfied", "satisfied" or "very satisfied" improved slightly from last year and the year before last. However, the total number of "satisfied" and "very satisfied" respondents registered a fall.

While some expressed satisfaction at how the sales staff contacted them regularly, others cited insufficient visits from sales staff, pointing to discrepancy in service quality depending on the region and individual staff. We intend to come up with measures that will allow us to provide quality services far and wide.

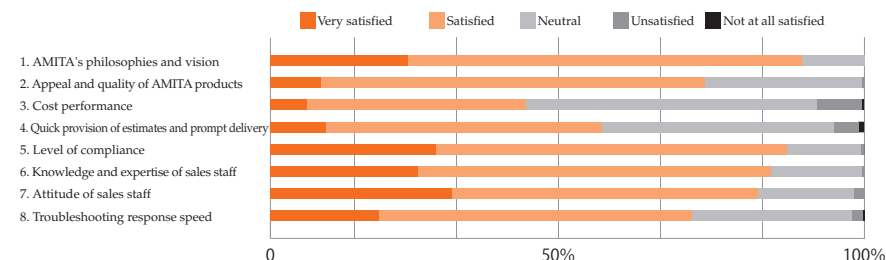
Environmental certification services

Satisfaction of AMITA's environmental certification services also showed a slight increase over last year. We will continue to implement measures that will enable us to meet demands for lower assessment costs and step up promotion and publicity.



02 | Products and services

Satisfaction levels on our recycling services were itemized as follows. While we received high marks on our philosophy, vision, compliance levels, expertise, attitude and responsiveness of sales staff, there was a somewhat lack of satisfaction regarding cost performance and response speed in providing estimates and results.



Response to survey results

The results showed that our clients regard us in a satisfactory light as an environmental business partner who can provide problem solutions, speedy troubleshooting, with a high level of compliance. Clients also pointed out that our information-providing tools such as Recycling Bulletins and *Daily AMITA Update* (<http://www.amita-oshiete.jp/>) and various seminars were helping to boost their environmental value. Unfortunately, we received quite a few comments from clients who pointed out discrepancies in the expertise and responsiveness of individual sales and support staff. We will work on improving the expertise of all staff members, making sure they visit clients regularly and spend more time with them, while improving response speed. By enhancing the hospitality we extend towards our clients, we hope to cultivate better trust and improve our proposal-making capacity.

Management response

We are truly grateful for the understanding and empathy of our clients with regards to our philosophy that "Nothing in this world should go to waste" and our vision of realizing a sustainable society. We also appreciate your thought provoking feedback on cost performance, client response speed and frequency, which has made us bitterly aware of the need to improve our operations. In 2016, we begin fundamental reviews on business and product de-

velopment strategies and will work towards improving client response speed and frequency by strengthening back office capacity. We will also integrate manufacturing and sales functions in each region to increase our clientele and provide more client-oriented services. By doing so, we hope to live up to your expectations and strengthen our environmental business partnership and enhance your corporate value.

Shareholder survey results

Survey outline

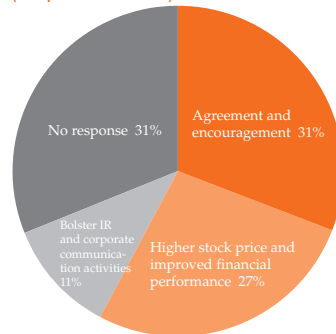
Survey group: shareholders (as of June 30, 2015)
 Respondents: 23 shareholders (out of 586 who received the survey)

Survey period: October 9 – November 30, 2015
 Survey method: Enclosed with "Designing the Future Newsletter" sent to shareholders and investors

01 Opinions and expectations regarding AMITA Group businesses and the areas which call for improvement. (Multiple answers allowed)

The most common opinions expressed in the survey were: agreement and encouragement for AMITA's business at 31%; expectations for a higher stock price and improved financial performance at 27%; and better promulgation of IR information and corporate communication activities at 11%.

The 2015 survey generated a considerable amount of criticism regarding the stagnancy in business recovery and stock price. The opinions and expectations of our shareholders provide us with valuable feedback, which is made available to all managers. We are sincerely grateful for your constructive criticism and vow to do our best to live up to your expectations. FY 2016 will see our directors standing on the frontline of business operations. They will take the help in developing measures to improve performance and recover stakeholder trust.



Common comments

- Make a speedy business recovery
- Remember the starting point and vigorously pursue robust strategies. A company for which everyone is happy to work for.
- Every employee should consider measures to increase profitability. Managers should take the helm in developing and implementing such measures.
- Consider fluctuations in stock price from the shareholder's perspective. Live up to shareholder expectations and trust by improving the stock price.
- Difficult to trust a company that forecasts profits at the beginning of the period and revises to deficits right before the end of the period. The lack of trust limits stock trading volume and explains the minimum growth in the number of shareholders.
- Believes the company is significant to society and would like to remain a long-term shareholder. However, the steady decline in the stock price makes one feel whether it's worth holding on to the stock.

Management response

We deeply regret not being able to live up to your expectations for the past several years. AMITA's leadership promises to make the most of your valuable feedback to make utmost efforts to improve performance and regain your trust. 2016 will be a year of major corporate restructuring: In January we replaced the President & CEOs of two AMITA HOLDINGS subsidiaries and in March appointed new executives to AMITA HOLDINGS. 2016 will also see the development of new markets and improvements in existing businesses. After being delayed for some time, the AMITA Taiwan Resource Recycling Plant has finally been opened. We believe that steady operations of the Taiwan plant, the provision of new environmental strategy support services and the increase in IR information output will enable us to meet your expectations.

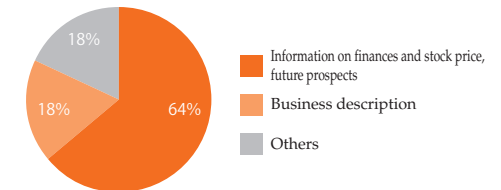
02 What aspect of the AMITA Group would you like to know about in more detail? (Multiple answers allowed)

The most common response was: mid- to long-term management strategy, followed by trends in major business domains and new businesses. We interpret these results as an interest in how the group businesses and performance will evolve. In order to enhance understanding of our financial situation, profitability and future growth strategies, we are in the process of revitalizing corporate communication activities. In 2016, we aim to enhance understanding and recognition by increasing opportunities to communicate directly with our shareholders and organize seminars for investors.



03 What sort of IR information would you like to see on our website?

The most common response echoed that of Question No.2: More information on the stock price and business forecasts. We intend to make the most of web features to disclose up-to-date information which we hope will help cultivate the understanding of shareholders and investors.



In addition to meeting the legal disclosure requirements for IR materials, we also issue an annual report (voluntary annual reporting document) each spring, which is the publication you are reading at the moment. Titled "Creating Value, The AMITA Way", it provides financial results for the previous fiscal year and outlines our future vision. We also publish a "Designing the Future Newsletter" for shareholders and investors in the autumn. It relates mid-term progress on business activities, and the financial situation for the second quarter. Past articles can be accessed from our website.
<http://www.amita-hd.co.jp/ir/future.html>

Employee survey results

*Key findings highlighted below

Survey outline

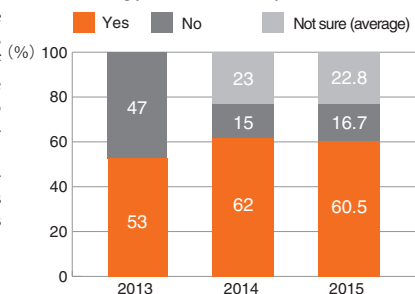
Survey group: AMITA Group employees (around 150)
 *The survey did not include executives, contract workers and part-timers
 Respondents: 114 Response rate: 76.0%

Survey period: August 31 – September 17, 2015
 Survey method: E-mail and postal mail

01 Employee perceptions of their jobs

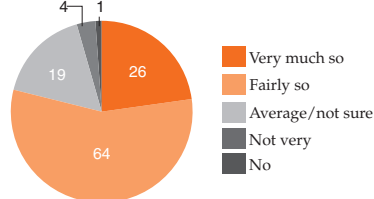
In response to the question "Is your current job worth devoting your life to?" 61 % of the 114 respondents said yes. Many of the affirmative answers reflected the empathy they felt with AMITA's mission and business activities. The reasons cited included the feeling of making a contribution to society, and sharing the same ideals and vision for the future. Also, in response to the question, "Do you feel proud of working for AMITA?" close to 80% of the respondents (90 employees) said yes. However, only 38% answered yes to the question "Do you have expectations towards the company's future?" The reasons cited included "Poor business results" and "Lack of human resources."

Is your current job with the AMITA Group worth devoting your life to? (Three year transition)



*The response choice "Not sure (average)" was not offered in the 2013 survey.

Do you feel proud of working for AMITA?



Common comments

"Feel strong empathy towards the mission and ideals. But am seriously concerned over the stagnant sales and growth in recent years." "The sense of pride and fulfillment is what you make of it. Instead of leaving things in the hands of the management, we all need to work together to achieve better results by designing and implementing business strategies, develop new products and improve operational efficiency." "We need to implement concrete measures as soon as possible to bridge the gap between lofty ideals and reality."

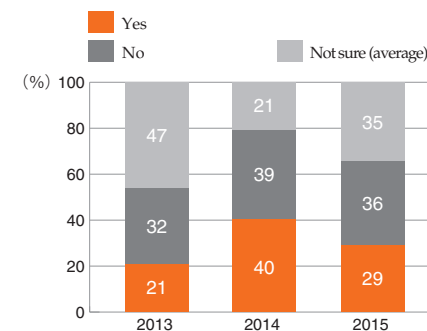
Management response

We truly appreciate how so many employees believe in AMITA's social significance and are willing to commit a precious part of their lives to realize a sustainable society. At the same time, we realize we must act promptly to improve sentiments about how our "people should be considered an asset and not a cost" principle is not being implemented properly and how employee feedback is not being reflected in management strategies. We aim to make this is one of the priorities of our operational reforms

02 Sense of mutual trust and communication with the management

In response to the question, "One human resources development principle is that people are to be considered an asset, not a cost. Do you feel this thinking is being implemented?", the percentage of people who answered, "yes" fell from last year's 40% to 29%. Major reasons cited included: cuts in bonuses and benefits due to poor business results; increase of work load, etc., reflecting the need to prioritize operational reforms and improve business performance in order to develop a relationship of mutual trust between management and employees. In response to questions about whether managerial decisions were trustworthy and convincing, many respondents approved of the Chairman Town Hall Meetings held at every base. However, regarding the question, "Do you feel employee and customer feedback is reflected in managerial decisions?" only 31% answered "yes", which shows that there is much need for improvement.

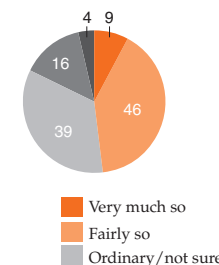
One human resources development principle is that people are to be considered an asset, not a cost. Do you feel this thinking is being implemented? (Three year transition)



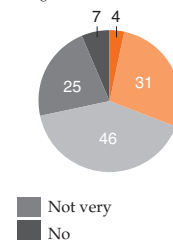
Common comments

"Top leadership visits operational bases to personally explain structural reforms and strategies for the next period." "Chairman Town Hall Meetings provided understanding of the company's intentions. But there's no sense of our voices being heard by the management." "There are times when it feels like the opinions and reports from a small group of people who are right behind the management are regarded as the majority opinion." "The management needs to understand the reality of front-line operations." "Improvements in employee education programs gives a sense of investment being made on human resources."

Are managerial decisions trustworthy and convincing?



Do you feel employee and client feedback is reflected in managerial decisions?



and introduce measures systematically. Specifically, to have all directors visit front-line operations and engage in Town Hall meetings; improve employee education and evaluation systems and strengthen mutual aid programs; balance work load and reduce overtime work through the development of IT infrastructures, organizational and structural reforms; and provide more opportunities for employees to participate in corporate and business strategy design.

Organization structural reforms to improve business performance and value propositions

The AMITA Group is aiming to build an organizational structure that will enable sustainable earnings and social value propositions.

In FY 2016, we appointed a new director to AMITA HOLDINGS Co., Ltd. and made some changes in the leadership, including CEOs, of our two subsidiaries, AMITA CORPORATION and the AMITA Institute for Sustainable Economies Co., Ltd. The new management will work together to achieve AMITA's goals.

New Organizational Structure of AMITA HOLDINGS Co., Ltd.

Executive Directors: 5 Non-executive Director: 1 Audit & Supervisory Board Member: 3

Five directors were reappointed and one new director appointed at the General meeting of Shareholders on March 29, 2016.

*For bios of Audit & Supervisory Board Member, please refer to the company website at: <http://www.amita-hd.co.jp/ir/management.html>

Title	Name	Responsibility
Founder & CEO	Eisuke Kumano (reappointed)	Strategy design
COO	Kenichi Sugimoto (reappointed)	Business operations, general and legal affairs
CSO	Takafumi Hasegawa (reappointed)	Resources manufacturing and production management
CBO	Hiroyuki Sato (newly appointed)	Business development and sales
CFO	Taro Shimizu (reappointed)	Finance and accounting
Non-executive Director	Emile H. Ishida (reappointed)	-

On the appointment of Hiroyuki Sato as CBO

In 2015, the AMITA Group consolidated its business domains into the Environmental Strategy Design Business and Regional Design Business. Existing directors were mainly in charge of environmental strategy design. The decision to appoint Sato as director was based on his track record in developing many new regional design businesses.

Profile of new executive

Born 1965. After serving as Managing Director of Green Purchasing Network; and the Secretary-General of the Global Ecolabelling Network, he joined the AMITA Group in 2008 where he was primarily in charge of developing new businesses in the domains of regional design and natural industries. In January 2015, he was appointed President and CEO of the AMITA Institute for Sustainable Economies Co., Ltd. and promoted the development of new markets for resource circulation models in regions such as Minamisanriku, Miyagi Prefecture. As project leader of corporate environmental strategy support services, he has been at the helm of operational reforms since FY 2015. On January 1, 2016 he was appointed CEO of AMITA CORPORATION.



Hiroyuki Sato
CBO of AMITA HOLDINGS Co., Ltd. and CEO of AMITA CORPORATION

New Management structure of subsidiaries

1 To bring about a change in style at existing operations and strengthen the development of innovative new business.

2 To nurture next generation leadership and younger managers.

With the expectation of achieving these two main goals, Sato was appointed CEO of AMITA's subsidiary on January 1, 2016.

AMITA CORPORATION

Business outline	Environmental Strategy Design Business Provides companies with comprehensive support on environmental strategies *Please refer to pages 10-23 for business details.	Regional Design Business Development of comprehensive resource circulation systems tailor made for each region *Please refer to pages 24-29 for business details.
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Executives prior to changes

Title	Name
Chairman	Eisuke Kumano
Managing Director	Kenichi Sugimoto
Senior Managing Director	Takafumi Hasegawa
Director	Eizo Takimoto
Director	Taro Shimizu



Executives after change

Title	Name
Chairman	Eisuke Kumano (reappointed)
CEO	Hiroyuki Sato (newly appointed)
CBO	Takafumi Hasegawa (reappointed)
CFO	Taro Shimizu (reappointed)

AMITA Institute for Sustainable Economies Co., Ltd.

Business outline	Regional Design Business Development of local comprehensive resource circulation systems *Please refer to pages 24-29 for business details.
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Executives prior to changes

Title	Name
CEO	Hiroyuki Sato
Senior Managing Director	Takafumi Hasegawa
Director	Taro Shimizu



Executives after change

Title	Name
CEO	Shiro Kadoshin (newly appointed)
CSO	Hiroyuki Sato
CFO	Taro Shimizu

Interviews with CEOs of subsidiaries

Interview 1

CBO, AMITA HOLDINGS Co., Ltd. and
CEO of AMITA CORPORATION Hiroyuki Sato

Q. How do you see your role as a CBO of AMITA HOLDINGS and the CEO of AMITA CORPORATION?

A. In the past, the AMITA Group relied on its 100 % recycling services for much of its earnings. However, amidst increasing environmental restraints, we need to be able to provide corporations with support in designing comprehensive environmental strategies to enhance sustainability. At the same time, we also need to provide regional support by developing cycling systems that make the most of locally available natural resources. Because of my involvement in developing numerous new businesses, I have experienced more failures than most other people. I regard such failures to be my major asset. I believe my role is

to engage with a wide range of stakeholders and cultivate a relationship of mutual understanding while taking on the responsibility of new business development. This year, AMITA CORPORATION, in particular, will undergo a change of styles in every single department, ranging from sales, manufacturing and customer service. I believe that our unrivaled capacity to design Comprehensive Cyclical System of Resource Usage that bring together different ways of realizing a common vision, a capacity nurtured by our experience in developing a comprehensive resource circulation model in Minamisanriku since 2011, will serve us well.

Interview 2

AMITA Institute for Sustainable Economies Co., Ltd.
Shiro Kadoshin, CEO

Q. How do you see your role as CEO of the AMITA Institute for Sustainable Economies Co., Ltd.?

A. I was responsible for starting up the Kyotango Resource Recycling Plant in 2005. Otherwise known as the Kyotango City Eco Energy Centre, it's one of the largest biogas facility in Japan. Minamisanriku BIO, which started operation in October 2015, reflects all the lessons we learned through trial and error in the Kyotango project. My mission is to reflect my treasure trove of trial and error in developing the technologies and

designing the businesses that will help realize a sustainable society and complete the resource circulation model in Minamisanriku promptly allowing expansion into other areas. My main role, however, will be to pass on the baton of life to the next generation; in other words, to serve as a guide and pass on the philosophy and knowhow of the AMITA Group to younger people.

New executive profile

Born 1974. Joined the AMITA group in 2000. After serving as the project leader of the biogas facility in Kyotango and setting up various other businesses such as Forest Farm, transferred to the AMITA Institute for Sustainable Economies Co., Ltd. in 2011. He worked mainly on developing resource circulation technologies for Minamisanriku and was responsible for business development. His strengths lie in his detailed business design capacity and excellent communication skills that enable him to establish relations and negotiate with a wide range of stakeholders. He has served as the driving force behind the development of new business domains for many years.



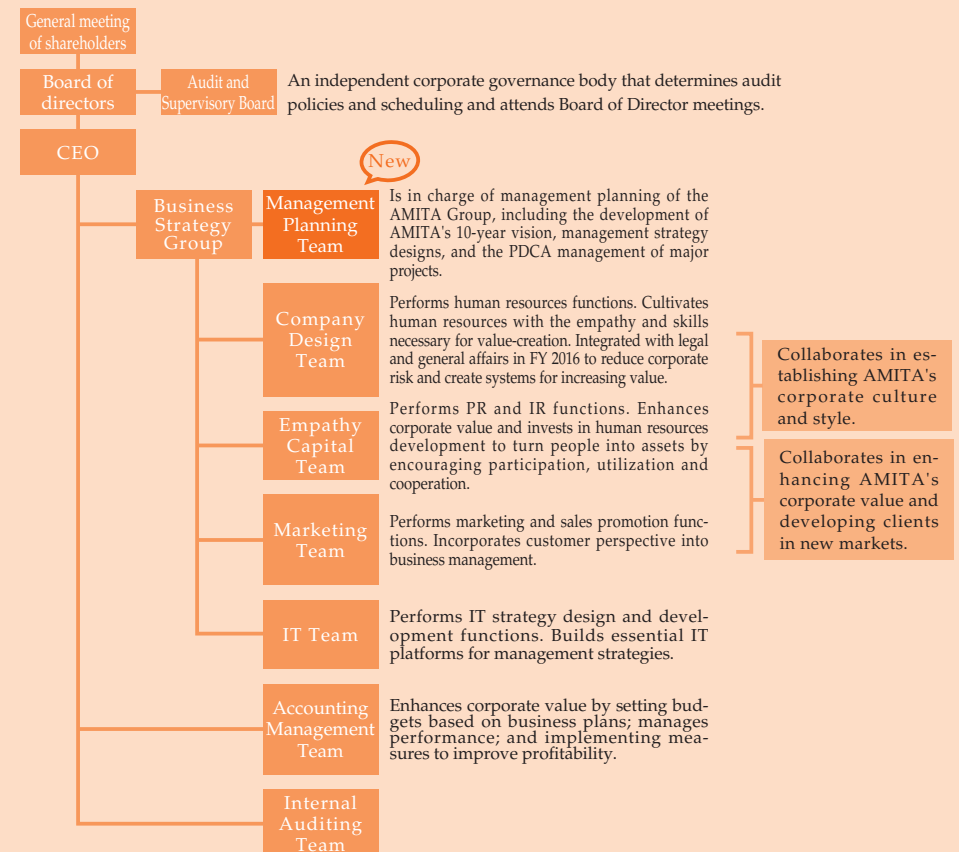
Shiro Kadoshin
AMITA Institute for Sustainable
Economies Co., Ltd.
CEO

AMITA HOLDINGS Organizational Structure for FY 2016

AMITA HOLDINGS serves as the compass wayfinder for the entire AMITA Group, setting strategic direction and management strategy. It consists of the Business Strategy Group that performs the functions of Business Design; General and Legal Affairs and Human Resources; Corporate communications and IR: Sales Promotion and Marketing; and IT; and the Finance and Accounting Management Team and the Internal Auditing Team.

Major changes in 2016

- A new team dedicated to management planning was set up to strengthen strategic design capacity and PDCA management functions of on-going projects
- Abolished the Management Support Group and consolidated management functions under the Company Design Team



Our Mission II

Wisdom and life are infinite.
Through changes in our surroundings and the evolution of sympathy,
The formation of external and internal relationships create us.
There are no stable phenomena; the universe is in flux.

Because we are who we are,
We need to have a good relationship with infinite life.
Our hearts hold everything that humanity seeks.
What humanity seeks is to protect the dignity of our future children.
We have the passion to give this goal a form and offer it.

We declare.

To attest that life is capital to create value,
To give priority to building cyclical relationships for realizing
a sustainable society,
To conduct only business that contributes to increasing natural capital
and human relation capital, and
To protect the dignity of living systems.

AMITA AMITA HOLDINGS Co., Ltd.

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